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Latin America

PERU: Threats to Democracy

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Latin America

PERU: Threats to Democracy

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[CARETAS asked President Garcia and politicians, economists, military leaders, and scholars to respond to the question: Is Peru's democracy in danger? The following is a selection of interviews and commentaries taken from the 25 July 1988 issue of CARETAS entitled "How To Save Democracy"]

Introduction

Alan Garcia on Democracy
33480198a Lima CARETAS in Spanish
25 Jul 88 pp 21-22

[Commentary by President Alan Garcia Perez]

[Text] How to save democracy: Is democracy in danger in Peru? I think the question is too dramatic. You can only save something that is in its death throes. I believe that democracy, like all of Peruvian society, is experiencing severe difficulties. But the purpose of democracy in our situation is to confront and overcome these difficulties.

Democracy is a feeling of liberty and justice, and it is representativeness in the political method. But that abstract definition must be placed within the context of the situation Peru has been in for the past few decades.

Democracy acts on a centralist reality of injustice, in which there is still a great deal of egotism, and in which the bureaucracy clogs up our social life. In addition, we are the consequence of a situation of injustice and sometimes plundering of the country's wealth. And finally, we are forced to endure the homicidal fanaticism of violence.

Under these circumstances, the abstract theory of democracy becomes very difficult, but not impossible. Moreover, I believe that democracy is the only system capable of meeting the present challenges.

To answer CARETAS' question, I would say that only democracy can save Peru from its major problems. Any other system would aggravate them enormously.

Let's imagine a dictatorial government without the legitimacy of the vote and without the decongestion of social pressures that comes from freedom. I do believe that economic and social reform is possible within democracy. There is a lot of discussion, but there is even more education. A reform without the education of freedom is not worthwhile.

I also think it is possible to achieve business stability within a process of change if the businessman-producer sees himself as a producer and knows how to differentiate himself from the monopoly. I also think that appealing to populism is negative when it deludes, but it is positive when it shows respect for people's opinion,

without indulging in excess. I also think it is possible to undertake a national project with periodic changes of government, because periodic changes of government are one of the major objectives of the national project. And it seems to me that saying that regional power will lead to chaos is shortsighted and fickle. I believe that regional governments will pass through an initial period of confusion, but that is a necessary step for improving the social system.

In sum, I believe that the first obligation of democracy is to persevere, to be smart enough and firm enough to keep the enemies of democracy from using it to their own benefit.

The Senderists should not use it, with their legal technicalities and intimidation of judges. Nor should it be used by those who see only bad in the news, selfish people who think the best expression of democracy is only in their interest. To be democratic is also to avoid being used by all of them.

Democracy will be strengthened when the citizens stop doubting it and understand that it is a long process; when there is less incredulity and more understanding that the road to our democracy is longer and slower because we have not needed the guillotine or millions of deaths. Democracy will be strengthened when we learn to respect its rules, and when we realize that the great solution to our mistakes lies in the vote, not in scandal.

And in the face of its greatest challenge, Senderism, democracy will be strengthened, as I said in Ayacucho, by confronting fanaticism and the homicidal spirit with faith and a willingness to risk oneself to defend one's country. Each of us should ask ourselves, aside from watching and forming an opinion from the sidelines, what do I do every day to combat Senderism?

In sum, I repeat that the question is questionable. The truth is that only democracy will save us from the great difficulties.

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Poll Reveals Attitudes Towards Government, Democracy
33480198b Lima CARETAS in Spanish 25 Jul 88 p 24

[Text] In the interest of measuring the democratic leanings of Lima residents, CARETAS asked the agency, DATUM, to pose the relevant questions to 300 adults.

There are some disturbing symptoms. For example, more people believe that Peru's democracy is ineffective

(61 percent) than effective (32 percent); more believe it is unjust (57 percent) than just (35 percent). But the majority of the answers are overwhelmingly positive:

Do you believe there will be a coup before 1990, or do you believe there will not be a coup?

| | |
|----------------------------------|-------|
| Believe there will not be a coup | 60.7% |
| Believe there will be a coup | 28.0 |
| Don't know/no opinion | 11.3 |

Do you believe that if there were a coup the economic situation would improve, remain the same, or worsen?

| | |
|-----------------------|-------|
| Improve | 11.0% |
| Remain same | 30.7 |
| Worsen | 44.7 |
| Don't know/no opinion | 13.6 |

What do you think is the best kind of government for Peru?

| | |
|---|-------|
| A hardline democratic government | 27.3% |
| A democratic government like this one | 26.7 |
| An elected socialist government | 13.7 |
| A military government | 10.3 |
| A socialist government through revolution | 4.3 |
| Don't know/no answer | 17.7 |

What do you think is the worst enemy of democracy?

| | |
|-----------------------|-------|
| Terrorism | 45.0% |
| Bribery/corruption | 24.3 |
| Economic crisis | 22.3 |
| The military | 1.7 |
| Leftist parties | 1.7 |
| Rightist parties | 1.3 |
| Don't know/no opinion | 3.7 |

When you hear about democracy, what is the first idea or word that comes to mind?

| | |
|----------------------|-------|
| Freedom | 42.0% |
| Equality | 17.0 |
| Participation | 8.7 |
| Justice | 8.3 |
| Injustice | 2.7 |
| Hypocrisy/lies | 2.0 |
| Others (*) | 10.3 |
| Don't know/no answer | 8.7 |

(*) Progress, government weakness, socialism, aid to the poorest, Alan Garcia, unnecessary, corruption.

Of all the politicians you know, which would you say is the most democratic?

| | |
|-----------------------|-------|
| Fernando Belaunde T. | 21.3% |
| Alan Garcia | 19.3 |
| Alfonso Barrantes | 18.3 |
| Luis Alberto Sanchez | 11.0 |
| Mario Vargas Llosa | 3.0 |
| Luis Bedoya R. | 2.8 |
| Others | 5.0 |
| None | 14.3 |
| Don't know/no opinion | 5.0 |
| | 8926 |

Eight Years of Democracy Assessed

33480198c Lima CARETAS in Spanish 25 Jul 88 p 25

[Commentary by Luis Pasara]

[Text] The military ended nearly 12 years of government on 28 July 1980. In the last 8 years, we Peruvians have twice elected by majority vote the officials to whom we entrusted the presidency of the republic. We have also selected the members of the National Congress on two occasions, and in three different elections we have chosen thousands of mayors.

Peru, thus, belongs to the democracies of the world. And yet, how far from satisfied we are, how distant we feel from the mature democracies, how serious are the problems that our democracy seems incapable of resolving!

Nevertheless, professional politicians act calm and try to get us to swallow versions of democracy that are tailored to the way they exercise their powers. For conservatives, democracy is limited to the act of periodically electing government officials; how they perform their duties is up to each one, and if their performance is unsatisfactory, our recourse is to replace the ruling party in the next election.

For the politicians of the left, democracy is identified with the satisfaction of popular needs. Many of them think that the democratic freedoms, including the right to elect those who govern us, are a secondary matter.

Those of us who have been able to use our right of suffrage in the past 8 years probably have an image of democracy that is some combination of these two aspects. Democracy is electing, but not that alone. In addition, it is, or better put, it has to be, an effective means of solving the problems that all of us Peruvians face.

From this standpoint, having elected government leaders these past 8 years is positive, but it is not enough. There is no point in making a list of the shortcomings of this democracy; suffice it to say that the political institutions would not pass any test of approval.

Parliament does not even discuss and vote on the most urgent legislation (whose drafting is usually left up to the executive branch), and even as a forum of debate it is becoming increasingly discredited in the nation's eyes. The executive branch during both presidential terms has been managed in a monarchical arbitrary style that scorns consensus and public opinion. The judiciary has earned the confidence only of the imprudent and the ill-informed.

Inefficacy and corruption are two of the almost inevitable consequences of a political order whose institutions have performed so poorly. It is no surprise, then, that the state, riddled with these two diseases, is incapable of successfully confronting the two major problems that have plagued Peru in the last 8 years: the economic crisis and the subversion.

The risk Peru faces today in the political sphere is not that of a military coup. Not yet. Even before reaching that point, the country is paying the price for the fact that its government institutions are incapable of dealing seriously with the challenges on the agenda.

On the one hand, we urgently need a revamping of the national economy to make it grow and distribute wealth better. And on the other hand, we need to produce an alternative government that can demonstrate its advantages through actions, and can therefore politically eliminate the temptation to take up arms to which the insurrectional groups have succumbed today, and to which the military may succumb tomorrow.

To be competitive, democracy needs to show that it is better. And this urgent need is not philosophical but practical. Voting periodically is not enough when the citizen sees his living conditions deteriorate without any remedy. And offering a better standard of living in exchange for giving up essential freedoms is an unacceptable alternative for people who, after 8 years, think that it is better to elect, even if only to exercise our right to be wrong.

But if our problems continue to grow worse and our institutions continue to display their incompetence, the totalitarian temptation will visit us sooner rather than later. And it will not be limited to politicians, from whom it has never been far, to be sure, but will contaminate society itself. At that point, the country will be ready for the civil war to spread.

As painful and sometimes depressing as it may seem, to emerge unscathed from this dilemma we are dependent on the politicians we have. In the final analysis, not only are they a product of this country, but we put them where they are by exercising a democratic right, and this places the responsibility squarely on the shoulders of us citizens.

For this reason, we must demand that these politicians accept a greater responsibility during these times of tremendous difficulties than they have taken for the past 8 years. We must demand that they put an end to demagogic irresponsibility, which is being practiced by the government and the opposition alike, and which is leading us toward the abyss. This change is imperative if our democracy is to overcome its weaknesses and come to terms with the problems that threaten it.

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Economics

Government Objectives Defined
33480198d Lima CARETAS in Spanish
25 Jul 88 pp 26-27

[Commentary by Raul Salazar Olivares, director of Macroconsult, former president of the Andean Reserve Fund]

[Text] The ultimate purpose of a government is to preserve and enhance the well-being of the nation. Well-being has two components: material well-being, which depends on the amount of goods and services that are made available to the community and distributed fairly, which falls into the sphere of economics; and the non-material aspects that affect individual satisfaction, among which we can point to peace, security, confidence, certainty about the future, etc. When a government fails to fulfill its fundamental objective, not only does it lose its base of support, but it also prompts people to question or reject the political system that brought it into power.

It is sad to note that although the current democratic experience is not even as old as the last dictatorship was, it must already contend with serious threats to its stability. And unlike the temporary interruptions of the past, this time the goal is to replace democracy with a more radical and permanent totalitarianism.

The causes of this situation are diverse and very complex; most of them are beyond the scope of this article. One of the most important causes, however, has to do with the material well-being of the population, and consequently, with the economic policy that has been applied. Although production grew at a rate that was among the highest on record during the first 2 years of this government, the results were not positive overall, for the following reasons. In the first place, growth took place within the context of a consumer-oriented harangue that raised expectations for improvements that kept pace with or exceeded production. As a result, increased needs could not be fully satisfied, despite the high growth rates achieved. In the second place, when inflation was allowed to get out of control, the regressive redistribution of income was accentuated. Consequently, the poorest people, especially those who do not have formal employment, received a smaller portion of the

benefits. And in the third place, this consumption-based growth quickly exhausted itself and left in its place a recessive phase of production, which reduced the total amount of goods and services available to the community.

All of the above stems from the application of an erroneous economic policy that encouraged widespread consumption, ignored fundamental economic laws, and strayed from the market. As a result, international reserves were depleted, savings and investment plummeted, the deficit in public finances became larger and larger, and a relative price structure that favored speculation and inefficiency was established. All of these factors are strangling the productive apparatus, eroding the worker's income, and fueling the economic crisis that we must face.

There is no doubt that after these distortions have been accumulating for over 2 years, correcting them will take courage, generosity, and patriotism on the part of those who accept the responsibility. It will also require a fundamentally objective and technical appreciation of the situation in order to determine precisely what measures need to be taken to correct the imbalances and avoid the political, economic, and social costs that are accruing, contributing to the erosion of the democratic system.

This point can be illustrated with a few examples. The price that Petroperu receives for gasoline, since the latest increase, is equivalent to approximately 30 percent of the price, in real terms, that it received in July 1985. Because the enterprise is earning less than a third of what it made 3 years ago, it has been forced to halt all investments and even minimum maintenance on wells. This is reflected in the decline in oil production, and has to do, at least partially, with our recent conversion to an oil-importing country. Moreover, it has seen its assets dry up as it has had to absorb the losses accumulated over the last 2 years. Reversing this trend to bring it at least back to where it was in July 1985 means more than tripling the current price of gasoline above the rate of inflation. If inflation were 500 percent over the next 12 months, the price of gasoline would have to rise 700 percent.

The underlying motivation for these measures is that failing to take them entails a much higher social cost that is inevitable, and the longer it takes, the more unfair it will be. This situation can be illustrated better by analyzing the case of the public sector deficit, which has been projected at the equivalent of \$3.2 billion this year. If effective measures are not taken to reduce it, by the end of the year this deficit will necessarily have been financed by forced transfers from the private sector through the tax of inflation. As has been pointed out many times, this tax is one of the most unjust and socially regressive that exist, because it primarily affects the poor. Therefore, if steps are not taken to eliminate this budget deficit, it will be tantamount to making the

political decision that the poorest people in the country will have to continue financing it. The alternative for the government is to replace the inflation tax with specific taxes or spending cuts, which may be unpopular and painful, but they have to be compared to the effect that the inflation tax is having on the poor. This dichotomy between the social cost of making decisions and the social cost of failing to make decisions is the essential problem that the government must solve. It will determine whether despite all the risks of the current situation we will be able to stop the erosion of the population's well-being and maintain the conditions that will enable us to continue living in a democracy.

[Box, p 28]

Financing Democracy

Do the World Bank, the IMF, and the IDB [Inter-American Development Bank] care about democracy?¹ All indications are that these organizations have begun to take an active interest in the matter. The new president of the IDB, former Uruguayan Foreign Minister Enrique Iglesias, has publicly expressed his concern about the negative impact of the economic crisis on the process of democratization in Latin America. Due to pressure from opponents of Pinochet in the U.S. Congress, the executive director for the United States at the World Bank recently opposed a loan from that entity to Chile. And even the new director of the IMF, M. Camdessus of France, has stated that he is worried about the adverse impact of the IMF economic adjustment measures on the social situation and stability of developing countries.

Whence this new interest in democracy by multilateral financing agencies? Although they all claim not to pay any attention to political factors and say that they evaluate only the economic merits of requests for financing, the fact is that these institutions depend on the political and economic support of the United States and Europe, and that in these countries the democratization of the Third World has an undeniable political attraction, especially in election years.

Moreover, the international banks have learned that dictatorships are not very good for business. The corruption that generally accompanies authoritarian governments, the large number of errors that are committed when a plurality of opinions and constructive criticism are not tolerated, and the lack of legitimacy of dictatorships whose actions can be repudiated when a democratic government is installed, give rise to serious questions about the supposedly greater "efficiency" of authoritarian regimes. The cases of President Marcos of the Philippines, the military government of Argentina, President Mobutu of Zaire, and Peru's own experience during the 12 years of military rule, have demonstrated clearly that authoritarian governments do not offer any guarantee of economic development. In Chile, despite the great surge in exports and economic growth in the

last 5 years (which have made everyone forget the serious and costly errors of the ultra-liberal financial policy of the late 1970s), it remains to be seen what will happen to Chilean economic development after the plebiscite and during the post-Pinochet era.

Footnote

1. The World Bank pays out \$15 billion a year, of which \$5 billion comes to Latin America; the IDB disburses \$2.5 billion annually. As for the IMF, we share difficulties only with Guyana, Cuba, and Nicaragua.

Farm Sector Promotion Advocated 33480198e Lima CARETAS in Spanish 25 Jul 88 pp 28-29

[Commentary by Ramon Remolina, former president of the Agrarian Bank]

[Text] How can agricultural production be spurred? That is the fundamental question, because in no other sector can private initiative contribute so much to the growth of production. Here is what is needed to achieve this goal:

- Adequate land ownership so that farmers will have somewhere to plant,
- research so they will have something to plant,
- extension services so they will know how to plant,
- credit so that they can afford to plant, and
- adequate marketing so that the harvest can be sold properly.

Solving the problems of land ownership, correcting the defects in the latifundio and minifundio systems—that is what Agrarian Reform is all about, and it was undoubtedly necessary in Peru. But Agrarian Reform consists of dividing the latifundios up into parcels and concentrating the minifundios into parcels that range from the optimum economic unit to the minimum family holding. The optimum economic unit and the size of the minimum viable parcel vary, because a hectare planted in rice, beans, corn, or wheat is not the same as a hectare covered with orange, avocado pear, chirimoya, or peach trees.

In the Agrarian Reform program promoted by the military government, however, there was no parceling or economic criteria, nor was any action taken to capitalize the land. On the contrary, the only thing that was done was to expropriate the latifundios and turn them over to collective entities created by decree. These entities were called Cooperatives and Social Interest Agricultural Associations (SAIS).

"Any resemblance of the characters in this film to persons in real life is pure coincidence." This is what we would have to say about the similarity between the person represented by the decline in agricultural production and the person represented by Agrarian Reform: pure coincidence.

As for research, it is absolutely indispensable if we are to have a supply of seeds and varieties that are productive and disease-resistant. This effort should be carried out by the universities, not the Agriculture Ministry, to avoid spending more money on the bureaucracy than on real work.

As a real example of what agricultural research is, I should cite what I saw 30 years ago in Canada, when the Canadian Wheat Board invited me to study that country's wheat program. I arrived in Winnipeg and was taken to the University of Manitoba to see the laboratories before going out into the field. I should explain why:

It is well known that wheat is attacked by rust, a fungus that destroys the plant. So the only safe way to grow wheat is to develop and plant resistant varieties. They are immune for only a short time, 4 or 5 years at the outside. I recall that at that time, the variety being planted was called Silkirt, and in the laboratory fungi were being grown to obtain the lineage that would attack the Silkirt variety in the future. Once it was identified, researchers could develop the wheat variety that would be resistant to the new rust. All of this was anticipating what would happen in nature, rather than waiting for it to happen and then reacting to it.

Agricultural extension means teaching the technique of planting. On medium-sized holdings, the economic density is such that the owners can absorb the cost of technical assistance. But on small parcels, the state should assume the cost and the responsibility for training.

Unfortunately, now there is no national agricultural extension system like the SCIPA, sponsored by the Peruvian and U.S. Governments, that everyone remembers.

Another key sector is agrarian credit, the financial resource that is indispensable for meeting farming costs for annual crops, and installation and maintenance costs for permanent crops that do not yield anything until 5 or 6 or more years after the first planting.

Annual agrarian loans or advances are extended using the harvest or the production generated with the credit as collateral. This collateral is known as an agricultural pledge or a livestock pledge, and the law requires that it be identified for purposes of registering the lien with the Public Agricultural Pledge Registry. Therefore, this credit can and should be granted, as it was in decades past, by the entire financial system.

The organic law of the Agrarian Bank, however, has created what is known as the captive agricultural pledge. The provisions creating this instrument say that the pledge to the Agrarian Bank is universal and permanent, and that there is no identification of production or registration. And with that limitation, the commercial banks cannot extend loans to agriculture for lack of collateral.

It is true that the same law of the Agrarian Bank states that it can consent to the establishment of a first pledge in the name of another financial institution, but the presence of a small obligation pending is enough to prevent the extension. In view of this situation, if we want the entire financial system to become involved in financing agriculture, we need to make the corresponding changes in current legislation. But much more important than the financing of annual production are these types of credit: the capitalization loan, which used to be called the long-term agricultural advance and is used for the installation of permanent crops such as coffee, olive groves, and fruit orchards; the long-term livestock advance, which is designed for raising animals for milk, meat, and wool production; and the farm property loan, which is for improvements in irrigation or land improvements through leveling and drainage. These loans, by their very nature, can only be granted by state development banks.

But for this purpose, stable capital resources and long-term financing are needed, not short-term deposits that are volatile and cannot be tied up. In addition, state action is required to expand capital infusions and to guarantee any long-term loans that the Agrarian Bank may obtain abroad. Such was the case with the four loans the Agriculture-Livestock Development Bank obtained between 1954 and 1966. I participated in the formulation of projects and the negotiation of contracts for those loans, initially as assistant to Emilio Foley, the fondly remembered and brilliant general manager who died tragically and prematurely, and later as his successor.

Finally, the marketing of agrarian production should be free, so that farmers can obtain the best price for their products. But there should be a system whereby the state purchases surpluses at a support price in order to avoid the non-remunerative or ruinous prices that prevail when harvests are abundant and the farmer can do nothing to prevent them.

Only in this way, in a comprehensive and harmonious action within the overall scheme I have outlined, can the steady growth of agricultural production be achieved in this country.

Political Elements in Economic Problems Cited
33480198f Lima CARETAS in Spanish
25 Jul 88 pp 29-30, 104

[Commentary by Guido Pennano; manager of the magazine *1/2 DE CAMBIO*]

[Text] The democratic system depends on the existence of majority consensus. Democracy emerges at the point at which a more or less homogeneous majority decides to govern itself.

No one can (successfully) oppose a majority that desires a given system of government in which its own well-being is the ultimate motivation for government action. This majority is normally called the middle class or the national bourgeoisie, and the economic system that is most closely adapted to its interests is so-called national capitalism.

We do not yet have a clearly defined middle class in Peru; rather, we have a "class in the middle," which is between two opposite poles or extremes that are at loggerheads. In this context, there are some who move downward or are pushed downward, depending on the times, and there are others who move upward or are pushed upward, also depending on the political times. That is the mass that is in the middle, and therefore has no identity as such.

Within this polarized situation, the circumstances dictate that the poles repel each other somewhat. Everything that prevents the poles from repelling each other or at least mitigates that action helps solidify democracy; everything that does not, threatens and weakens democracy.

Anyone who contributes to the polarization of Peruvian society works against democracy in one way or another. There are those who do so consciously, with clear and well-defined objectives, such as Shining Path and the Tupac Amaru Revolutionary Movement (MRTA). There are others who work against democracy unconsciously, or at least we assume so.

One of the elements that have a decisive impact on the polarization or cohesion of the country, and therefore on the solidification or weakening of democracy, is economic policy.

The decisions that are made concerning economic policy have clear repercussions on the political and social spheres in a country like Peru, where the crisis is reaching an intolerable point for a majority who are not finding, or rather have not yet found, the solution to their hunger and misery in democracy.

The latest economic measures announced by the Villa-nueva cabinet have polarized our society further. It should be pointed out, however, that this package of measures was necessary, though not sufficient from any

standpoint. Given the current situation, spending was essential, and it was imperative that the system of widespread subsidies, which still exists in our economy, be eliminated. This obviously should have been accompanied, and it is here where the government begins to falter, by two additional programs, one aimed at reducing the cost of the package for those suffering extreme poverty, and another one for national economic reconstruction.

It is clear that as the economy improves, the possibilities for solidifying a democratic system expand. When there is hunger and misery, the political system matters little, and solutions become violent and contradictory.

Peru can no longer tolerate a plan that calls for recession, unemployment, and widespread erosion of purchasing power as solutions. Just as the shortage of foreign exchange cannot be solved by restricting imports but rather by promoting exports, by the same token we will not emerge from the crisis or consolidate our democracy through recession and unemployment, but rather through growth, employment, and exports. For this purpose, we must promote productive investment, and its principal obstacle in Peru today is the political process; the lack of confidence and stability is the biggest problem. We can conclude that Peru's greatest economic problem is political.

To overcome this situation, we need a National Accord that will make possible a program of gradual and sustained growth over the next 10 years, as a minimum. We do not think this can be achieved until 1990. It will be nearly impossible before then, because of the degree to which the government is becoming isolated not only from the business sector, but also from the labor-union sector.

We believe, however, that the American Popular Revolutionary Alliance (APRA) has an obligation to implement a series of short-term measures in order to prevent our economy from collapsing into ruins. Let's look at some of them:

In the first place, the currency is still being mismanaged. It is irrational for a formal exporter to receive approximately 100 intis for every dollar he generates (or 127 if he is in the garment industry), while he has to import spare parts, inputs, or machinery at 125 intis if the imports are approved at all, or "without the use of foreign exchange," at 195 intis. The real parity, in contrast, is 95 intis to the dollar. If he exports illegally by smuggling, he earns 195 intis. The same holds true if he is a drug trafficker. If he divides up venture capital, he also gets 195. The costs he has to pay are pegged to the free exchange rate of 195, while expectations have driven that rate up to 250 at moments of great uncertainty. In other words, the current differential between the export exchange rate and the free exchange rate is 100 percent. This distortion must be eliminated, and not the way the government is doing it, by bringing the controlled dollar

close to the free rate. What it should do is eliminate the conditions that are causing the free rate to continue soaring. Individuals must be allowed to save money in intis indexed to the free dollar. This would reduce the demand for dollar bills, and would thus stabilize that dollar. If we manage to stabilize the market, we can eliminate the causes of smuggling, the merry-go-round of subsidized imports, etc.

The exchange rate differences have to be eliminated because they are the cause of speculation, instability, and distortion of relative prices. They even have a clear effect on the budget deficit and inflation.

Moreover, we must allow part of the payment for exports to be done in freely available dollars, and additional incentives for exports should be paid in bonds whose use is directly tied to investment in exports. All legal obstacles to investment in mining, mining industry, agriculture, agroindustry, fishing, fishing industry, and tourism should be removed.

Legislation should be passed immediately to attract foreign investment to the aforementioned sectors. We recommend the Colombian legislation and laws designed to turn the foreign debt into investment for export, in the sectors mentioned above plus power and petroleum. We should follow the example of Costa Rica, not Chile.

In addition, we must deal with the fiscal problem by undertaking tax reform that involves simplifying the system and taxing a larger number of citizens, including those in the informal sector.

All of this, of course, is just the first minimum step in a program of National Economic Reconstruction that should arise out of a National Consensus Accord. This is the basic condition for Peru to begin emerging from the misery that plagues it today.

[Box, p 30]

Ricardo Vega Llona: Avowal of Faith

[Interview with Ricardo Vega Llona, former president of the CONFIEP [National Confederation of Private Business Institutions; date, place not given]]

[Question] There are those who call into question the strength of the business sector's faith in democracy, since it has sometimes contributed to authoritarianism.

[Answer] I am sure that accusation is made by the communists, because no one who is not a communist could come up with such rubbish. Private enterprise today clearly stands in defense of the constitutional order, and in opposition to politicians of the Marxist persuasion, the majority of whom want to do away with the system. In other words, this accusation that we favor coups when they suit us and democracy when it pleases

us really bears no analysis. Indeed, the industrial businessman, or anyone who makes products, rich or poor, large or small, formal or informal, is for democracy, because the majorities in the country want democracy and want to live in democracy. The problem is that, unfortunately, there are politicians who are doing everything they can to destroy it.

[Question] And what is the role of private enterprise here?

[Answer] It is a fundamental one, because first of all, the public enterprises do not contribute a single inti to the government's coffers. All of the state's revenues are generated by private industry. This economic and political semicadaver that is Peru has no germfree blood outside the private sector, because the public sector has both AIDS and leukemia. And then, for example, we have just finished a meeting of the private sector on private enterprise and the Constitution, in which nearly 600 businessmen participated. They have reached the conclusion that we must defend our Constitution. That is, we are emphatic in saying that we want to defend and will defend our Constitution. Remember that a few months ago a senator of the republic even accused us, and me in particular, of building up a war chest of millions of dollars for military coups. We were accused of creating shortages in the country, of hiding medicines and blankets. It is their characteristic inability to manage things that leads them to make up lies.

[Question] Do you have anything else to add on the issue of private enterprise and democracy?

[Answer] No, I would just like to see some attention given to the conclusion of the event "Defend Our Constitution." The thing is, when a country has a young and fragile democracy, all its citizens are fragile democrats. Our democracy is precarious, not full-fledged; we would be crazy to pretend it was. It needs practice; we need five or six democratic governments in a row before we can call this a democratic country.

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Politics

[Text] Politicians representing the leading political movements have expressed their opinions concerning the difficult period being experienced by our country, which is in the firm grip of an economic crisis feeding on itself and a terrorism which never ends.

Almost all of these individuals are opponents, perhaps not of the most belligerent kind, but they are indeed individuals whose views have weight. For the time being, they are among those who are not challenging the legitimate origin of the current government nor accusing it of killing freedom or being fascist. They include Francisco Morales Bermudez, who, while uninvolved in active politics, has written an essay about democracy and the

Armed Forces, and Fernando Belaunde, who is consulting with the Inter-American Development Bank on a project for repatriating capital which has left the country, to be made available to the Fredemo. Another is Mario Vargas Llosa, who is now prepared to cut short his 5-year career as a writer. Other politicians consulted include Felipe Osterling, who demands corrections, and Enrique Bernales, who proposes full respect for the commitments made. Luis Alva Castro recognizes the seriousness of the crisis and some errors committed by the Aprista Party of Peru in the government and the parliament. Remigio Morales Bermudez, in conclusion, paraphrases General Odria and shows that one can indeed "eat democracy."

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Former Officer Rejects Coup of Any Kind

33480197a Lima CARETAS in Spanish

25 Jul 88 pp 34-35

[Interview with Francisco Morales Bermudez; date and place not given; first paragraph is CARETAS introduction]

[Text] Francisco Morales Bermudez, the military officer who presided over the reestablishment of the democratic system, and Fernando Belaunde Terry, the civilian who took it over, agree in dismissing the possibility of a sudden suspension of that democracy, although they recognize the presence of worrisome elements. The first of these is the economic crisis, which might make the 1990 transition more difficult. Both dismiss the possibility of terrorism and urge the adoption of a consistent program of adaptations making it possible to improve the health of the economy.

[Question] Is democracy in danger in Peru?

[Answer] What can be seen, objectively, is that our system is still weak, recent, very new. It can be said that there are dangers to democracy, but we do not feel that it is really threatened or that it cannot advance, but yes, there are dangers to correct. The basic thing is the conduct of the political parties themselves, but not theirs exclusively. In this connection, I am referring to the party which is legitimately and constitutionally in power, as well as the parties participating in the opposition. Criticism must not be so extreme as to destabilize the system itself, but neither does this mean giving the governing party a free hand to do what it wants.

[Question] You do not believe that democracy is in danger, but that there are indeed dangers which threaten it?

[Answer] In Peru at this time, and I see this in certain social sectors, one hears certain rumors which, in my view, would break down the democratic system if any of them were to prove true. One concerns a coup from within, about which there is much talk these days

because of the undeniably serious crisis circumstances which exist. We could only conceive of this with the support of the Armed Forces—there would be no other way. The other rumor, which is similar and equally damaging to the democratic system, concerns a coup. Historically, such have occurred in Peru whenever chaos develops. Then civilian society itself pushes the military to seize power. In Latin America, the greater part of the military interventions in the political life of our countries, whatever the style, has occurred with substantial civilian participation. That is to say it has rarely been the military who have plunged alone into changing the established order.

[Question] You have not mentioned Shining Path or subversion, among the dangers.

[Answer] I did not mention it because I do not believe that it can win power. It would be the only instance in history in which a movement of this nature, although it is the strongest terrorist subversive movement to develop in Latin America, won government power. The Shining Path does not demand agrarian reform, but that the whole of this rotten society be eliminated and destroyed, so that another, different one can be built on the rubble.

[Question] Could it then be desperation on the part of civilian society which leads it to the extreme of believing that only a military government could put an end to the Shining Path?

[Answer] Correct. Given the persistence of the threat, and if the government does not act on the basis of a national plan with an overall strategy, and given an acceleration of the terrorist subversive movements, civilian society might believe that if civilian governments can do nothing, it would be better for the military to come in to resolve the problem. Let me say again that there is practically no instance in Peru or in Latin America in which a military movement has assumed political power without the aid of a serious intention and presence on the part of the civilian element.

[Question] And also pressure. You criticize the extremes to which certain opposition sectors go, which you also regard as destructive. To what extremes are you referring?

[Answer] For example, the specific case of the 48-hour strike. While there did indeed seem to be a basis of the trade-union demand sort, no one can deny that the strike was political in nature. I do not participate in government policy, but rather have criticized it, and I continue to do so, but what we are talking about now is maintaining the democratic system.

[Question] Are there are reasons to be pessimistic in the ninth year the 1979 constitution has been in effect?

[Answer] Rather than pessimism, I believe that there is great concern for Peru and its future. But without question, this great concern could be dissipated if we were to eliminate some threats to the system—a coup from within, or one of another sort, and if we establish a national strategy with a proper plan to which not only the political regime, but also the various elements in civilian society, are committed, and it can be seen that this plan is achieving success. If we proceed at least to neutralize, since we are failing to eliminate, these subversive movements; if we also neutralize the drug trafficking problems in a persistent and continuing struggle; if we establish a plan of economic recovery which allows the country to reach 1990 under better conditions, so that the political transition can be carried out without difficulty, we will be advancing tremendously. We must presume, moreover, that the elections that year will be as free and legitimate as those in 1980 and 1985 were. If all this is achieved, I believe that this concern will proceed to dissipate. But if we see that these elements which are distorting the democratic system are becoming more serious or remaining unchanged, our concern will continue to exist, and this concern may, in other environments, become culture media for changing the democratic system.

[Question] The main problem continues to be the economic one.

[Answer] If the government drafts an economic recovery plan now to cover the remainder of 1988, all of 1989 and a part of 1990, I am convinced that the economic situation in Peru will improve substantially. I do not mean that it will be optimal, but the government the people elect in 1990 will inherit an economic situation which is much better than that which exists now. It is a question not only of political will but of setting seriously to work on an economic recovery plan. If you look at the prices of copper, gold, iron and zinc, international levels are rather high. This works in favor of the implementation of a plan which to date has not existed.

[Question] Do you not believe that there is a program for gradual recovery?

[Answer] None exists. I must state this emphatically, and if there is one, let the government display it. When I was minister of economy, they said there would be a 3-hour lecture on television, but what was needed was to explain this to the public with figures, charts and all. Yet to date, we have not seen them explain an economic plan.

[Question] Can it be that you do not believe Prime Minister Villanueva when he speaks of a gradual 18-month plan?

[Answer] I believe that Prime Minister Villanueva is performing an almost sacrificial task, given the present situation. He is doing the most he can from the political point of view. But if it is announced that there is a gradual 18-month plan, that plan should be explained.

For this reason I say that the minister of economy should come forward, as the president wishes, to spend an hour explaining this plan, using a blackboard.

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Belaunde Terry Urges International Economic Measures

33480197b Lima CARETAS in Spanish
25 Jul 88 pp 35-36

[Interview with Fernando Belaunde Terry; date and place not given]

[Text] [Question] Are there facts, problems or situations which justify concern about the future of democracy?

[Answer] In fact, democracy must always live dangerously, because as someone said, risks are a constant in countries such as ours which have so many problems to resolve and so many obstacles to overcome.

[Question] Have you not heard rumors of a possible coup from within, or some other kind? What comment could you make about this?

[Answer] Sometimes there is a certain alarm about this, but I hope that common sense will prevail, and that both the government and the opposition will agree on the national need for the constitutional political calendar to be fulfilled. In other words, for Alan Garcia's government to complete its term. There are those who are concerned about some sudden development, wondering, for example, what surprise might await us on 28 July. Suddenly, it is surprise which calms us.

[Question] Are there are factors which might justify a concern in this connection?

[Answer] Yes, obviously there are. Violence in particular. All of this concerns me. We are being criticized, our economic policy is called satanic, and naturally this has not pleased us, just as the medicine prescribed for us by a doctor when we are sick does not. And then, there were two paths from which to choose, either sincere expression or concealment. We chose sincere expression, but with the application of the measures in a human dose, not a horse-size dose as has happened now. The new government chose the path of concealment, and the first smoke curtain involved using the reserves of the BCR [Central Reserve Bank], the gold reserves, and also the foreign exchange certificates. This was one of the most serious errors, because it dealt savings a death blow. If the foreign exchange certificates had been retained, they would all be with the BCR, and not in Ocona. There would not be so much investment abroad, which is one of the main problems of Peru. I am writing about this, the problem of winning back the capital which has left the country, the top priority. Subsequent to the concealment, the truth came out, inevitably, and now we are

seeing violently sincere expression. And this is what is going to continue to happen until the end of this government, so that the horse is going to be wild until 1990, and perhaps even after that.

[Question] Do you agree with those who believe that it was the state takeover of the banking system which caused this muddle, or was it already building up?

[Answer] I believe that this was the final stroke, with the sudden outburst on 28 July. The tension, the questioning, the concern began. When the president finished, I bade him a courteous farewell, but contrary to what people believe, I did not congratulate him, because I did not agree with him. Speaking of the third year, I said that the third bull would prove very difficult, and I believe that my prediction has come true.

[Question] You speak of the need to win back the capital which went abroad. How can this be achieved?

[Answer] We are working on the formula used as a tool at the IDB, that is to say IDB sponsorship.

[Question] As a kind of guarantee?

[Answer] Yes. The IDB would issue some securities especially designed to attract the savings which left the country, issuing a series for each country and requiring the investment of the product of this series issue in the country involved. This is a very simple thing which the IDB is studying. For the debt, I have another formula, involving World Bank intervention, rather simple although somewhat tedious to explain, for the refinancing of the debt.

[Question] Returning to the subject of defending democracy, what role do you believe the opposition should play with regard to this government to ensure that the system will reach 1990 in good health?

[Answer] The only health which is of concern is that of the government. I think that ours is a rational position. There is also some irrational and violent opposition with some links with terrorism, and this is totally unacceptable. This government sought to modify the law we passed on terrorism, making us seem too harsh, and now it is suffering the consequences, because there is no legal support for convicting the terrorists.

[Question] Do you believe that where terrorism is concerned, there is some threat to the system?

[Answer] I do not believe so, because Peru has never favored violence. When the APRA [American Popular Revolutionary Alliance] passed through violent stages, it could not achieve anything. The violence of the Shining Path, it must be admitted, is infinitely greater, such that I do not see that it has any potential. The only way of winning government power is by the vote or through a group of a military type.

[Question] There are those who believe that the time may come when the citizenry, or a substantial part of it, will believe that the only way of putting an end to terrorism is with a military government.

[Answer] I believe that a military government might perhaps have greater difficulty with terrorism, because operating outside the constitution would mean sinking to the level of the terrorists in terms of illegality. Legitimacy is very important, and it is only obtained at the polls, so that what Alan Garcia needs is to get to the election process and see that it is held in absolute honesty. If there is the slightest doubt about the purity of the voting process or the correct methods used in holding the election, then we will enter into a period of definite subversive potential.

[Question] There is another phenomenon which is worrying the public increasingly, and that is the drug trafficking, because of its great economic impact. Do you see some danger there?

[Answer] When I coined the word "narcoterrorism" (because I believe I was the first to use it in Peru), people did not believe me. There was a great deal of incredulity. Now the term represents a reality. Terrorism has a great deal to do with drug trafficking. These are two problems which have come together, and as a result their magnitude has increased.

[Question] Does the program of the Democratic Front government include a way of rebuilding the reserves and foreign credit?

[Answer] Naturally, this is one of the basic points. I personally think, and this is a prediction I would make, that if the Democratic Front wins, the doors will automatically reopen for foreign credit. Not in a generous form, obviously, with forgiveness of everything which preceded, no. But a more open approach, with which Peru will have to deal, will come about. It will be a complex thing, not easy, but there will no longer be this veto which has such a forceful effect now.

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Vargas Llosa Would Support Government With Proper Corrections
33480197c Lima CARETAS in Spanish
25 Jul 88 pp 36-37

[Interview with Mario Vargas Llosa; date and place not given; first paragraph is CARETAS introduction]

[Text] The effects of the plan for the state takeover of the banking system which polarized the country a year ago included the emergence of a civic movement which developed around an individual, Mario Vargas Llosa. If indeed it cannot be said that this writer had stayed away

from politics up until that point, his participation had never been active, as it began to be then and now continues to be, with the development of the Democratic Front with 1990 in mind.

[Question] Now that the 1979 constitution has been in effect for 9 years, there are those who are beginning to worry about the future of democracy in Peru. Do you believe that they are justified?

[Answer] Naturally they are, and I believe that the number one destabilizing factor is the great poverty from which very large sectors of the population and Peruvian society as a whole are suffering. We have a political democracy which has given us freedom of expression, elections, representative institutions and forms of coexistence among Peruvians, but we do not yet have a democracy which guarantees us development or the reduction of the vast inequalities and imbalances which exist in our society. The second destabilizing factor is, of course, violence—the war declared on democracy by a small sector of society which does not want this type of democracy, but rather a society of a totalitarian type. The great challenge before us is to ensure that our democracy prevails in the economic sector, as well, and guarantees prosperity, better living conditions for the poorest people and a reduction in the inequalities and imbalances.

[Question] How should the opposition conduct itself in order for us to reach 1990 without upsets?

[Answer] We must be very critical of the economic policy initiated by Alan Garcia, which in large part underlies the crisis we are experiencing. But at the same time, we must be very clear in our defense of the system, and thus in the defense of this government, until the end of the constitutional term in 1990. At the same time, I believe that it is necessary to act responsibly, promoting the corrections which the government can make and supporting them when they come about. It is very clear that those of us who believe in democracy in Peru do not in any way want the collapse of the system or the government which represents it and is a legitimate government.

[Question] Do you believe that some healthy corrections are being made currently?

[Answer] Some corrections are undeniably being made, beginning with the introduction of the new prime minister to the congress. I believe that they are dictated more by circumstances than by a true desire to make corrections, but they are a positive sign and should be applauded. What does not exist is a policy attacking the causes of the crisis. Thus far there is no indication of a desire to reduce the fiscal deficit, which is the main source of inflation. There is no context of reform which could justify the sacrifice being made by the people, and unfortunately, it is this which works most against the popularity of the government. And I say unfortunately, because no democrat in Peru wants this government

beset by unanimous opposition. We need a government which is capable of governing, which is solvent and which is legitimate to the end. For this reason, I believe that we should be cautious, absolutely refusing to abandon our criticisms, which I believe are very justified.

[Question] What criticism do you regard as insufficiently cautious?

[Answer] For example, the strike organized by the trade-union leadership to take advantage of the great popular unhappiness caused by the price increases. We see there a very contradictory attitude, one which seeks to make use of the shortcomings of a government to weaken and undermine it. This is becoming worse, because undeniably, the extremist forces which have used subversion against the democratic system are attempting to infiltrate this movement in order to radicalize it.

[Question] What do you regard as the main dangers besetting the path between now and 1990?

[Answer] If the economic crisis continues to grow worse at this rate and if responsible corrections are not made, a situation in which there is real agitation for extreme violence, which might put the democratic system in danger, could be created. We must encourage the government to take the proper path, and if it does, we must approve of and support it. I believe that there is a consideration here involving the defense of the system which should prevail over the differences, antipathies or criticisms we make of the current policy of the government.

[Question] It would seem, then, that despite the depth of the crisis and the presence of the Shining Path, there are reasons for optimism?

[Answer] Indeed there are, because our country is potentially rich and is offered tremendous possibilities. Already in the past we were capable of creating an original, rich and creative society in our geographic situation, and currently, the informal economy and the small-plot owners' movement represent very hopeful signs, in my view, precisely because they have emerged in the midst of the crisis, just when, if the Marxist version of our reality were correct, they should have provoked a totally different manifestation involving collectivism, armed revolution and a totalitarian state. What is happening in Peru is of an entirely different nature, moving toward the path of liberty and favoring the market, private enterprise and private property. This is what we must accept as the lesson which comes from the popular base, from the poor people of Peru, from those who are the victims of the crisis. We must break away from this inhibition, this inferiority complex into which the extreme left and Marxism have pushed us, imposing upon us a way of thinking, a vocabulary, an agenda and certain stereotypes which take the place of political ideas and have gone so far as to contaminate even the democratic parties profoundly. It is necessary to

follow the example of the humble and poor people of Peru, those in the informal economy, the small-plot holders, who constitute the most solid possible base for a project for reform in Peru which is truly liberal and democratic.

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Osterling Sees Credible Economic Recovery As Essential

33480197d Lima CARETAS in Spanish 25 Jul 88 p 38

[Interview with Felipe Osterling; date and place not given; first paragraph is CARETAS introduction]

[Text] Felipe Osterling of the PPC [Popular Christian Party] and Enrique Bernales of the IU [United Left] are two of the most typical opposition senators. Both express concern about the current situation, although they do not go so far as to be pessimistic. The country has a future, and what is needed is to demand that the government alter the situation so that the country will not find itself in tatters in 1990. Luis Alva Castro, the candidate for the post of secretary general of the PAP [Aprista Party of Peru], admits that there are difficulties which cannot be blamed, he says, on one single government.

[Question] Do you believe that the democratic path which opened up in 1980 is threatened?

[Answer] In a country such as Peru, regrettably, this type of indication may always exist. However, I am confident that the democratic system is strengthening. I believe that there is a civic awareness that we must live in democracy and freedom, with respect for the political constitution, and that this is the way to overcome the serious problems which face our country, namely terrorist subversion and the very grave economic and financial problems. For this reason, I exclude the possibility of any interruption of the constitutional and democratic system.

[Question] There are those who note that there are some destructive elements which, while they may not lead to a coup d'etat, are indeed eroding the system.

[Answer] Apart from terrorist subversion and the dramatic economic and financial situation, there are other factors. For example, I believe that there is little respect on the part of the executive branch, and specifically the president of the republic, for something which is basic in a constitutional and democratic system, and that is the balance among the branches of the state. I believe that there is a tendency to accumulate authority and abuse the constitution. The congress of the republic, so extensively touted as the leading branch of the state by the APRA [American Popular Revolutionary Alliance] before it won government power, has deteriorated to the point that it is now undervalued. And the judicial branch as well is very often, and regrettably, subject to the dictates of the executive branch. It is essential that the

president of the republic keep his rights and obligations in proper balance, and that he scrupulously respect the constitution and the basic values it sets forth, such as pluralism in all its aspects. But in reality, I would say that I see no risk of an interruption of the democratic system, and I believe that in saying this, I am voicing the feeling of the overwhelming majority of the Peruvian people.

[Question] In addition to reaching 1990 safely, it would also be desirable to do so in good economic health.

[Answer] Peru stands above the political parties and factions, and I believe that a task to which the president of the republic should devote his basic efforts is bringing about concord, ensuring calm and serious thought with a view to attempting together to overcome this tragic situation in which the poor are becoming poorer every day. We are experiencing an inflationary process which is obviously going to grow worse in the coming months, reaching levels much higher than those noted in recent days by the minister of economy. I think that the APRA government must at least listen to the sensible appeals for the necessary corrections which the democratic opposition is voicing, so that we will not continue down this slope which is making the poor poorer and imposing the most wicked burden on those who have the least.

[Question] Where the economic situation is concerned, Armando Villanueva's cabinet has already made some corrections, even some of those which opposition sectors have been demanding. However, the entire opposition has come down hard on him, as if it had not been demanding precisely these measures.

[Answer] This has not been the position of my party. We believe that some of the measures the Villanueva cabinet announced to the congress at the end of the month of June are positive, but that some adjustments may be needed. All of this should be placed within a frame of reference which is extremely important. First of all, there must be a significant effort to reduce the fiscal deficit. Secondly, we must put ourselves back into the international financial context, because if a gradual program to make the economy honest is to be carried out, then what is needed is to have a foreign basis which will make it possible to proceed toward correction within a period of 18 months, which is the period established by the president of the Council of Ministers. And thirdly, it is necessary to encourage investment savings based on confidence and juridical consistency, rather than the uncertainty or surprises to which, regrettably, this government has accustomed us. I said in the congress, after the explanation by the Villanueva cabinet, that we would have to enter into the social market economy, which is not just a Social Christian preference, but a constitutional precept which was included in the political constitution precisely on the initiative of my party. We are faced with a distorted state apparatus, and our fiscal

resources usually go to waste. With any other situation, I do not see a prospect I could call as optimistic with regard to the outcome of the economic picture in our country.

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Ballesteros Wants All Parties' Cards on the Table
33480197e Lima CARETAS in Spanish 25 Jul 88 p 39

[Interview with Enrique Bernales Ballesteros; date and place not given]

[Text] [Question] Do you believe that there is a threat to the democratic system at this time?

[Answer] In the specific current case, there are three dangers: a government which is not governing, but is instead contributing to the constant creation of situations which short-circuit all the rules of the political game; an apparently unmanageable economic crisis, which is leading to growing dissatisfaction; and social protest and violence, particularly terrorism.

[Question] What is the role of the left wing in the preservation of the system?

[Answer] I believe it is basic, although there may be some bias in my answer, because I believe that all the political parties now have an obligation to put their cards on the table. I do not know if they are all doing so, but what I can assure you is that at this time, the IU [United Left] is firmly and clearly determined to do so. We have the greatest potential in the 1990 elections, and we have the right to demand that if we win government office in 1990, we not take over a country in tatters, but one which has at least a minimal potential for economic and financial correction, so that on this basis, a government with broad support can be established, wherein words have their proper weight.

[Question] Is there a possibility of agreement with the present government?

[Answer] But there is where the problems lie. When I say words have been devalued, I am referring precisely to this government, which more than anyone else has been responsible for this process. I may be a bit harsh, but what guarantee does any political party, any worker, any businessman have that if he sits down at a table to talk with the president of the republic, the president of the Council of Ministers, or the secretary general of the APRA, what is agreed to will last at least 24 hours?

[Question] Do you believe a future triumph by terrorism is possible?

[Answer] The Shining Path is not working for the short run. Its program calls for the gradual destruction of the state, the increasing terrorization of society. It is like the dripping water which bores through the stone. If things

go on as they have thus far, not tomorrow, but in the long run, something like the Shining Path might triumph. But the blame will lie with the democracy which failed to function, with the parties which hesitated, with the state which was unwilling to democratize itself.

[Question] Don't you believe that before that time comes, intervention by the Armed Forces might occur instead?

[Answer] I do not believe so. There may be some sectors, some hotheaded officers with a passionate spirit, who might go along with something harsh, and might then, reflexively, strike a blow. But this would not be desirable either for the country or for the Armed Forces, which have been too much affected by the deterioration resulting from the excessive risks of these years to allow the additional blow which would come, finally, in accordance with the strategy of the Shining Path. What I believe instead is that there are some civilians who, as is traditional, believe that a coup is the solution.

[Question] Recently there has been talk of the possibility of a coup from within, which the government might be seeking in order to rid itself of a hot potato.

[Answer] In Peru, this possibility can never be excluded. In 1962, of which the memory is still fresh, it was said among other things that it was Manuel Prado himself (although computers were not yet in use) who programmed the internal coup with such perfection that when they went to the palace to oust him, he already had his coat and suitcase ready.

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Alva Castro Urges Amendment of Law on Terrorism

33480197f Lima CARETAS in Spanish
25 Jul 88 pp 39-40

[Interview with Luis Alva Castro; date and place not given]

[Text] [Question] Do you believe that factors are developing which threaten the stability of the democratic system?

[Answer] Yes, in fact there are such. We are suffering from a structural problem, because obviously we do not have adequate institutional and democratic development. More than that, our democratic life has vacillated between democratic regimes and dictatorships. The problem is that our political, institutional, popular and social organizations are not sufficiently organized. The trade-union organizations, for example, represent no more than the 10 percent of the workers who are union members in Peru. As a result, the vast majority of the workers are not represented. We could also say the same about the business institutions, which without any doubt fail to represent the small and average businessmen as a

whole. Although it is indeed true that we have progressed considerably here, the popular organizations themselves are insufficiently representative of the population as a whole, as well. We have an unregistered economy which has no interlocutors either.

[Question] Are the political parties also a part of this crisis of institutional representation?

[Answer] The parties must modernize and democratize themselves so as to bring themselves up to the level of modern times. It seems to me that this is one of those cases in which we have difficulty in affirming the system we have all chosen as the best option for resolving the problems of the country.

[Question] Is this also true for your party?

[Answer] Well, all of us, obviously, need to improve. No leader of a party could say that it does not need perfecting and improvement.

[Question] Do you propose to implement something of this sort if you are elected secretary general of your party?

[Answer] All of us in the party are persuaded that it must choose a route which will allow us to reach a safe port. All of us who are members of Haya de la Torre's party know that our movement needs to improve its training, the preparation of the cadres who will be called upon to carry out the various tasks on the executive and legislative levels, and also in the municipal governments and the future regional governments.

[Question] The main problem the government faces is the economic crisis, which is becoming unmanageable.

[Answer] Just as with all of the problems the country faces, we are obviously encountering many difficulties. I would say that we are reluctant to admit that we have structural problems which cannot be blamed solely and exclusively on the preceding governments, but have existed since our very birth as a republican country.

[Question] Do you not believe that it was an error to eliminate the support of crime and participation in subversive organizations from the antiterrorist law?

[Answer] Yes, I believe that this urgently needs examination, because what has happened most recently is a tragedy for the country, truly reflecting shame on our system. In my judgment, this will lead to a great lack of confidence in the system. We must recover rapidly and we believe that in this connection, all of the parties committed to the democratic system must find a solution in order to protect society. I am persuaded that there is enough maturity in all of the political sectors that we can deal with this in the coming legislature, not only very rapidly and speedily, but with an awareness of what we are really doing for the good of all Peruvians.

[Question] Aren't the surprise moves by the executive branch, such as the state takeover of the banking system, damaging as well, in terms of the credibility needed in order to govern?

[Answer] I am convinced that after 3 years of government, we have learned many things. We have without a doubt committed some errors, which we want to correct, but we have also renewed our faith in the integral transformation of the nation. It cannot be denied that we are trying with great effort, painstaking care and a great deal of patriotism to resolve the national problems. However, I understand perfectly why there is great concern. Many people awaited 28 July as if it were the day when the country would receive the most terrible news. I believe that there is no reason for concern, because what is usually called "surprise" has been entirely contradicted by everything that happened.

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Morales Bermudez Says Subsidies and Fair Prices Hard To Reconcile
33480197g Lima CARETAS in Spanish 25 Jul 88 p 40

[Interview with Remigio Morales Bermudez; date and place not given; first paragraph is CARETAS introduction]

[Text] That Remigio Morales Bermudez is committed, no one doubts, even if his colleague Cesar Robles Freyre in the Economy Ministry does not say so. But sometimes one must be, especially if one is heading a ministry with as great a social responsibility as that borne by the Ministry of Agriculture.

[Question] General Odria said that one cannot eat democracy. But was there not some wisdom in this, setting aside the unfortunate aspect of the expression?

[Answer] In fact, one cannot eat democracy. But it is also a fact that democracy must also be economic in order to function. To ensure this, economic policy must examine Peru from one frontier to the other, must distribute income and must decentralize the objectives and goals in order to reach provincial and rural Peru fully. It must guarantee producers a fair income on the national level, such that jobs are also guaranteed in the rural sector. An effort to integrate production and trade must be made consistent with our reality. This means giving a native aspect to our reality and avoiding frustrations of the sort which occurred in Huamanga or San Marcos.

[Question] But how can consumer goods be guaranteed for the poorest sectors?

[Answer] A democratic system must guarantee minimum wages, so that the most impoverished sectors will not be reduced to the status of persons excluded from society. For this reason, the production of foodstuffs is the most important problem, apart from the need to

pacify the country. The poorest people in the rural sector produce the food, and the poorest people in the cities must also consume it. This is a true social democracy, and this is one of the paths along which pacification and the stabilization of democracy should be pursued. Plans for the poorest urban sectors are under study because there are a number of them. They might involve vouchers, which would only benefit the wage earners, and might lend themselves to undesirable situations, through the secondary schools, census surveys of families, or some other way. This is a very important factor in political stability. It is for this reason that I believe that to sustain democracy, it is necessary in this democracy to eat. To live democracy it is necessary to digest it, and we must provide food if we are to experience it.

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Terrorism

[Text] One of the greatest risks of living in a democracy in an underdeveloped country such as ours is the violent reaction of the discontented individuals who are seeking a speedy, and usually bloody path for achieving political and social goals. Peru is suffering from this madness, and its democracy is the target of constant attacks. It must respond in order to defend itself, and sometimes this reaction also brings violence with it. But on the other hand, we must ask ourselves if opposing force with force, and in an unrestrained fashion, at that, is the only way to respond. The answer is that there is more than one solution, and it is precisely this plurality of paths which will finally lead to a solution, and they are all available precisely because we live in a democracy. Totalitarianism would lead to the peace of the dead. CARETAS consulted a judge, a policeman, various members of the Armed Forces, politicians and lawyers representing various points of view about these solutions. Their responses constitute a kind of consensus, from which it is possible to conclude that a national agreement against subversion, calling for a battle against terrorism while safeguarding respect for the law and human rights, is not only possible but is the most viable path in our state of law.

5157

PIP Head Discusses Role of Police
33480197h Lima CARETAS in Spanish
25 Jul 88 pp 42-43

[Article by Lt Gen Fernando Reyes Roca, head of the PIP; first paragraph is CARETAS introduction]

[Text] Fernando Reyes Roca, who heads the PIP [Peruvian Investigative Police] and also commanded the DRCOTE [Counterterrorism Directorate] for 4 years, voices his concerns and suggests ways of pursuing the battle against subversion.

We are aware that terrorism is one of the most dangerous forms of crime, not only on the national but on the international level as well. Since this phenomenon appeared in Peru, we have tried to adopt a serious and responsible professional attitude in our special operational field, which is the investigation of crime.

In 1983, we established the DIRCOTE, which achieved between 80 and 90 percent efficiency in finding, identifying and arresting those responsible for criminal attacks. The most important achievement was the arrest of Osman Morote Barrioueu, or "Comrade Remigio," the number two man in the Shining Path and the military commander of that terrorist organization. However, we are aware of the limitations on countersubversion activities in the rural sector. For this reason, we submitted to the minister a draft supreme decree proposing the decentralization of the DIRCOTE into nine zonal commands, with a national system for investigating crimes of terrorism extending to the departmental and provincial levels. We also established the national antisubversion academy for training in specific areas such as ideology, mass psychology, intelligence in the political sector, strategy and police operations, with special emphasis on the linguistic aspect.

In an effort to find solutions suited to the rural sector, we must rely on personnel with mastery of Quechua, Aymara and the dialects of the forest zone.

We have also ventured into the judicial sector to ensure proper handling of the evidence in criminal cases, so as to provide the court authorities with the elements needed in order to hand down judgments which serve to set an example.

On the other hand, on the basis of the experience acquired in these years of struggle, we are in a position to improve an overall strategy against subversion which includes two very important aspects: respect for the law and respect for human rights.

There must be various stages in the implementation of this strategy. First we need a general antiterrorist law describing each and every one of the types of criminal behavior characteristic of the subversive phenomenon in its various aspects and observed in its field of action. A very harsh penalty must also be established, and it is necessary to return their autonomy in the function of investigating crime in the police phase to my professional investigative police agents.

In a second phase, and in particular in the area of intelligence, we must have the support of the collective.

Another problem which must be resolved, also legal, has to do with the fact that there are many actions which the law does not regard as crimes. In Law 24651, for example, membership in the organization is not considered a crime. This should have been included, and it was, in Decree 046. As to aggravating circumstances, the law

does not regard terrorists' links with other criminal organizations such as those of drug traffickers and kidnappers, or others with subversive aims, as criminal. The smuggling of weapons, support of and incitement to crime should also be harshly penalized.

On the other hand, there is no legislation which covers the front organizations, such as the MOTC [Movement of Class Oriented Workers] and Socorro Popular [Popular Assistance], which serve as a cover for the Shining Path.

The law should also provide for a more flexible police procedure, always respecting the right to defense, but in the same way as for any other criminal. There is no reason to have special provisions showing favoritism for crimes such as terrorism.

Within the complex of problems described, a particularly inconvenient obstacle has arisen since the promulgation of Law 24700, which provides that the Office of the Public Prosecutor will direct police investigations. This leads to problems, since police operations are by nature self-contained within themselves. The investigation of crimes involves a preliminary intelligence phase, and this phase requires absolute secrecy and specialized professionals.

When the time comes to make arrests, 70 to 80 percent of the force is needed for prevention and action, involving concern for the surprise factor, high technology and professionalism. The prosecutor, being a legal professional and unfamiliar with the mechanisms and techniques of investigation, is not trained for this.

The professionals in the DIRCOTE have been working for 6 or 7 years in this operational specialty, and therefore we can achieve certain levels of success in interrogation thanks to the experience acquired.

The suggestion we put forth is that where investigations of crimes of terrorism are concerned, the police investigative procedure should be exactly the same as for other crimes. I insist that professional experts in investigation must have sufficient autonomy to pursue the investigatory process to its end, when the results will be turned over to the prosecutor, with obvious reliance on his guidance and supervision to see that the law is carried out.

Where the release of the terrorist Morote is concerned, the court authority has autonomy. With regard to our responsibility, which is for the investigation of the crime, we believe that Morote will face many other trials, the most important of all involving the form and circumstances of his arrest, when it was definitively proven that he was involved in a series of criminal actions. We are not so much concerned with the fate of Morote in court, because the last investigation was overwhelmingly conclusive.

Judge Advocates Improvement of Criminal Laws
33480197i Lima CARETAS in Spanish 25 Jul 88 p 43

[Article by Judge Carlos Hermoza Moya]

[Text] There are two factors which at the present time pose a real threat to democratic stability. They are drug trafficking and terrorism, with the added aggravation that in our country, there is a close link between these two criminal processes. In other words, there are two criminal forces united which could destroy democracy.

As to the legal aspect, the legislation pertaining to both these crimes is very poor. For example, the law replacing Decree 046, which defined the crime of terrorism, allowed an increase in criminal activity. In this connection, the proposal by PAP [Aprista Party of Peru] Senator Jose Quintana Gurt is very interesting. He advocates a new law which would reestablish the criminal nature of support of crime, that is to say it would penalize the instigators.

But there is, in addition, a problem involving men. Regarding both crimes, we have seen the weak character of those entrusted with the administration of justice. The reasons, put very bluntly, are immorality and fear. Both lead to judgments or sentences which are contrary to the spirit of the law.

If the courts cannot respond honestly, we judges become the accomplices of those who are destroying democratic order in the country.

And so we can conclude from what has been said that there is a responsibility shared by the courts and the legislative branch.

The agents of the judicial system bear the blame for failing to implement the laws with integrity, and the legislators are at fault for not providing adequate laws.

In the specific case of terrorism, we are not only going against the laws, but against the sponsoring institutions of the country as well. I am referring to the specific case of the Counterterrorism Directorate, a body with honest and capable people who have worked unsparingly and whose efforts in the end are destroyed in the courts, based on a childish argument: "lack of evidence."

This argument has been abused to the point of becoming a judicial absurdity, since our legal system is not based on the sum of the testimony and evidence, but on the critical analysis which every judge must make of the trial as a whole, then handing down judgments based on the criterion of conscience. In other words, the totality of the evidence, testimony and proof should be subjected by the judge to evaluation, and then indeed the criterion of conscience must come into play.

Senator Stresses Responsibility of Municipalities
33480197j Lima CARETAS in Spanish
25 Jul 88 pp 44-45

[Article by Senator Rolando Ames Cobian; first paragraph is CARETAS introduction]

[Text] In the opinion of IU [United Left] Senator Rolando Ames Cobian, the pacification of the country will require greater popular participation in the struggle against subversion, demilitarization of the police, and above all, the utmost respect for the principle of legality.

The historic task facing Peru is to create democracy, to achieve it rather than "to save" it.

For the majority of the people, the dominant experiences have been poverty, injustice and a precarious existence, not political democracy. And we know well that given such a social base, the fundamental value of political pluralism is always relative, and its continued existence threatened and fragile. As a result, we must democratize society and the state, that is to say, transform them.

Seen from this point of view, the main political task is to work towards giving the vast majorities a voice and channels through which to express their views and achieve power. It is not a question of setting oneself up as a redeeming leader, as President Garcia tried to do, or attempting to transform this state into a giant bureaucratic charitable organization. The main left-wing innovation has been to listen to the majority sectors, taking their opinions seriously, presuming the basic justice of their fundamental demands and opening the door to their participation through the new institutions which need to be created in all sectors. We must advance against the current of a national history which has been forged in contempt for and devaluation of ourselves.

We should mention here one of our crucial problems, that of state security, and in particular, the mechanisms of regulating internal order, seen from the point of view of popular participation.

The organizational model and the rational presumption which gives meaning to the state security institutions rest on the basic premise that there is already an existing identification between this state and the population as a whole.

The popular experience, however, is very different. The distance between these social strata and the state does not derive from the obvious bureaucratic inefficiency of the state, as the Liberty and Democracy Institute postulates. It comes from something much more profound and more ancient. A state ruled by insensitive dominant minorities has marked the collective memory. Those

who have no money or "clout" are second-class citizens. However, few lessons have been extracted from this with a view to changing our institutions.

The Peasant Patrols

The participation of the people in controlling internal order has barely begun, because traditional points of view still prevail. In Ayacucho, patrols under the control of the forces of law and order were made compulsory, instead of going to the communal and peasant organizations to see how they view the problem of violence and under what conditions they would be prepared to undertake real action to deal with it.

The autonomous peasant patrols which developed more than a decade ago in the northern part of the country won significant legal recognition. Then the executive branch promulgated a regulation which made not only the law but the patrols it recognized meaningless. As Msgr Jose Dammert, the bishop of Cajamarca, clearly described the situation, to ask patrol members to carry out complex documentary procedures for approval and to draft written reports of their work, while ignoring the leaders elected at the base level and participation by females, is to distort the reality of this peasant institution, which has been fully capable, for many long years now, of working with the police.

The Municipalities

But the organization of these democratic forms of self-protection is not the only channel for civil participation in the control of domestic order. There is a state institution which must be allowed to participate in this connection. I am speaking of the municipalities, which, if fully understood as local government organs, should be the focus, on their respective level, of the greater part of the allocations and authority currently administered by the state.

The concept of order, moreover, is much broader in the common understanding than a mere police matter. It has to do with the general situation, and the political authorities on each level—local, regional and national—must be involved in it.

The municipal authorities should, then, have the authority to coordinate the specific methods of developing their operations with the police authorities. It is not a question of diminishing the importance of the police, but of shifting their role in collective life as a whole. For all of these reasons, we have urged the need to decentralize police functions on the regional level, under the supervision of the corresponding governments. The example of the police commissioner in the Anglo-Saxon experience, who is not constantly dependent on a central national directorate, shows the feasibility of this alternative.

The Demands of the Police Function

From this point of view, it is necessary to reestablish the true function of the police as personnel specializing in direct dealings with the population, so as to contribute, thereby, to the democratic control of domestic order. Regrettably, the dominant trend in our country has been toward militarization of the police, instead of affirmation of its specific calling as a civil guard body, which is exactly what we need.

I believe that there is a proper awareness of this matter within the police forces. Unfortunately, it seems to me that the specialized bodies which are developing most actively are those concerned with the best methods of repressing crime. In a society in which the source of democratization is majority popular participation, the police cannot be viewed basically as a mechanism for controlling the citizens who protest, but as contributors to the democratic solution of the problems which daily plague these citizens.

The police in Peru should be seriously trained as social agents and educators, as citizens who carry out their tasks properly and merit support. If the virtue to be guaranteed is the safety of human beings, and if safety is viewed not only as an objective situation, but as the life experience of the people themselves, it is essential that the police be capable of dialogue with the citizens they protect, in order to be able to help to provide them with the safety they seek, and not only that designed for them, generally on a remote and superior level. The police would be not only vastly more efficient, but more highly regarded and closer to the people as well, if the civil guard and the young officers of lower rank, with whom the people talk directly, were capable of more initiative and personal decision. To ensure that they do, it is also necessary to have greater confidence in the men and women among our people. These are basic aspects of democratization within the institutions of the state.

The Armed Forces

The question of the interpretation, in Article 231 of the Constitution, of the meaning of assumption by the Armed Forces of "control of domestic order when the president of the republic so provides" is probably the most important constitutional interpretation issue.

At present, it is regarded as constitutional for this exceptional recourse to the Armed Forces to involve entrusting them with political responsibilities as well. This is what is happening with the political military commands in the emergency zones. The final result is that the elected political authorities are abdicating their real responsibilities, limiting them to the level of the president of the republic and the minister of defense alone, and in the eyes of the people, transferring the real government "to the military." It is to the military that the main discredit falls, thus generating understandable bitterness and frustration.

If democracy has to do with effective popular participation in the government, we cannot accept the way things are currently going. Without a doubt, the Shining Path knows how to exploit every opportunity to push us toward a war which would do away with the progress made in democracy. But state response in terms of warfare will not, by itself, save democracy, but will sink it. The protagonists in our alternative must be the entire citizenry, especially the popular majorities. For this reason, pacification via this path is impossible without the development of social justice.

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Jurist Calls for Civilian Control in Emergency

Zones

33480197k Lima CARETAS in Spanish 25 Jul 88 p 46

[Article by Diego Garcia Sayan; first paragraph is CARETAS introduction]

[Text] Diego Garcia Sayan, the executive secretary of the Andean Jurists' Commission, who has done notable work in the defense of human rights, proposes that the civilian authority established by the Constitution as preeminent should extend beyond the presidency of the republic, to include the command function in the emergency zones.

Violence, sabotage, intimidation and terrorism are the principal forms of political action used by the Shining Path. The state, far from responding to this serious challenge by consolidating the democratic areas and broadening the base of its legitimacy, seems to have embraced the same logic of intimidation. Bullets and war are today almost the only language in this "dialogue" which threatens to lead to what constitutes the explicit goal of the Shining Path: the militarization of society and the state.

In the past 5 years, much blood has been shed in Peru. From 1983 to the present, more than 11,000 Peruvians have died as a result of political violence. Life, the first among the rights of man, has been devalued, and with it human rights as a whole have become daily victims in the spiral in which we are caught up. The almost daily murders of unarmed civilian authorities or modest policemen by the Shining Path has been answered with massacres—denounced but never explained—and the increasing autonomization of the so-called emergency zones.

If it is not surprising that the constitutional order is viewed by the Shining Path as a sham which needs to be destroyed, it is worrisome that the authorities see human rights as an obstacle hindering efficient action to reestablish public order and safeguard the security of the state. Since we are caught up in this apparently endless vicious circle, it has become essential to affirm most emphatically not only the possibility but the need to link the work of pacification with the effective prevalence of

basic human rights. Since the state and its agents are the representatives of the prevailing constitutional order, they must focus their attention on their responsibilities.

First things first. The central goal of the state must be to guarantee peace and security for the citizens and to protect the constitutional order. Although this presumes the use of force whenever force becomes the centripetal center around which all the other factors revolve, the goal is often lost to sight and is replaced by another: "annihilating the enemy." And then the need to expand the capacity of the state to rally the people is relegated to a forgotten corner, and effective respect for human rights along with it. Also, confidence in popular organizations is lost, and an effort is made to immobilize the people with such prepotent and unfunctional measures as the regulation the government attempted to impose on the "peasant patrols" in our northern mountains. Human rights and their defenders came to pose a serious threat. America Watch was expelled from Ayacucho, the members of the Episcopal Social Action Commission were arrested, and the Red Cross was not allowed to function. What is being done, in short, is everything which serves the militaristic and militarizing logic of the Shining Path. Those who are on this side of the fence are seen as amazingly stupid opponents.

It would be well to become convinced of the indivisible unity which must exist between effective human rights and true public order. As is obvious, this would involve close adaptation of the repressive actions of the state with to the limits imposed by the law and the Constitution. It must be stated with full frankness that the apparatus of the state must cease to serve as an accomplice of violence. And this is not only for ethical or juridical reasons, but because this is the only way in which a state which claims to be democratic can defeat the likes of the Shining Path—by winning the respect of the people and by pursuing a practical course which gives it legitimacy.

For this reason, it is crucial to note the importance in today's Peru of the local organizations at the base level, in terms of democratic expression and the struggle for life and justice.

But beyond this, a profound revision of the operational mechanisms of the state apparatus and their functional methods is urgently required. Thus, for example, the widespread corruption must be the target of a serious attack, and the states of emergency—the current framework for the abuse of power—must be truly adapted to the limits set by the Constitution. Also by way of example, the fact that the people do not see the police as contributing to the solution of their problems, but instead associate them with graft and abuse, is serious. It is also necessary to change the way justice is administered, and also the harsh reality that the people expect little or almost nothing from a court apparatus which they see as distant, at the very least, if not corrupt.

Within this sphere of more direct action against subversion, it may not be too late yet to demand not only political content, but leadership as well. This presumes the transfer to the civilian political authorities of the presently omnipotent "political-military commands," which might very well be replaced by mechanisms more compatible with our constitutional order and with the goals of pacification. The civil authorities must fully assume their responsibilities, rather than tossing the "hot potato" to the military, who are paradoxically the first to emphasize that the responses can only be partially military.

Affirming democracy and human rights and the organization of the people offer the only solution today.

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Party Leader Discusses Role of PUM

334801971 Lima CARETAS in Spanish
25 Jul 88 p 46-47

[Article by Santiago Pedraglio; first paragraph is CARETAS introduction]

[Text] Santiago Pedraglio represents the moderate faction of the PUM. As opposed to the violent proposal put forth by Javier Diez Canseco, he offers a range of possible ways to ensure democratic stability.

Outsiders who observed the results of the PUM Congress will probably have perceived as its most notable feature the bitter debate between the "Libyans" and the "foxes," that is the radicals and the moderates. A large group of those of us who were there, however, were disappointed that a basic event held by one of the leading parties in the Peruvian left wing failed to produce a proposal for the whole of the country, or even one for the United Left itself.

The heart of the matter, for those who achieved a majority (Eduardo Caceres is the new secretary general, and he is a member of the faction led by Javier Diez Canseco) is a diagnosis of the political situation which appears to us to be catastrophic and erroneous. It involves recognizing that Peru is experiencing a crisis of great depth, a fact which is obvious, and that our priority must be to prepare for confrontation. Caceres himself said on television that today the PUM is relying mainly on transforming the popular movement, with all it has built and accumulated in these decades, into the leading protagonist in a rebellion.

Does this mean proposing rebellion here and now? First of all, if you renounce the popular movement's goal, the creation of a new political scenario in Peru, you are pushing the strategy for battling subversion and the Shining Path off course and participating in the dirty war. It means precisely surrendering to the logic of the minority committing the current antipopular violence.

Is it the case, then, that because there is more chaos, more terrorism, more indiscriminate repression and further deterioration of the parliamentary regime, the conditions required for a revolutionary situation are developing? Those of us in the PUM who oppose this position believe that on the contrary, this violence is a factor in the frustration of the popular movement and the political forces which aspire to represent it.

The factor which may lead to victory, in our opinion, is the establishment of a national and popular bloc with the organized workers as its axis, to appeal for and democratically organize the participation of the Peruvian left wing, the intellectuals concerned about the country, sectors of such political forces as the APRA [American Popular Revolutionary Alliance], and the institutions prepared to commit themselves to a democratic and national solution without abandoning their identity (for example, the Church and the Armed Forces). This bloc would be very different from that which has already been established. And its articulation demands much more of a mass political effort. This must be a priority and must include popular opposition to violence. (Although currently, this last factor is essential when it comes to legitimate self-defense against the prevailing violence, as is the case with the peasant patrols.)

But the vanguard approach which has emerged in the PUM takes the view that the great confrontation is near, and that preparing for rebellion merits as much effort as the political organization of the masses. This is what vanguardism is; the strategic offensive is always in the near future, and the final crisis is imminent. In this scheme, the right wing and the state, including the APRA, would only see the use of force as a solution after exhausting their potential for ideological and social influence. To complete the erroneous picture, the current popular struggles, which are without a doubt heroic and determined, although still scattered and poorly articulated, are mistakenly considered an evidence of such a "strategic offensive." Worse still, the groups which have taken up arms are also seen as a part of this offensive. Therefore, militarization is seen not only as inevitable, but also as contributing to the maturing of revolutionary conditions.

However, we do not agree with the National Unity government proposal. It was to project the capacity of the organized workers for hegemony, not to limit them to the economic struggle, that the National Popular Assembly was created. The potential for national leadership of a socialist program, along this same line, should encourage the embryo of a new regime, a new democracy which would nurture and develop neighborhood organization through the survival and mass self-defense experiences which have rallied more than 50,000 peasants in departments such as Piura.

None of this will be possible unless the IU is radically transformed. This transformation involves proceeding in three complementary directions. It must establish for

itself a solid democratic and national government proposal; it must organize the new mass institutionality (the 120,000 recent inscriptions are a hopeful sign); and a collective leadership must be established which will make of the front its historic program.

In order to achieve this goal, it is necessary to abandon once and for all the dynamics which entrapped the IU: the practice of bossism, the attraction of being on the government stage, the reformist attitude toward the regime expressed by the Barrancos supporters. It is also necessary to abandon the other face of this same liberal coin: the verbal radicalism and the economism. These are defects which in many instances have been seen in our own party too.

The PUM will rise above its present crisis and will remain forceful as a political program if it renews its basic program from within, and if it corrects the decisions which challenge the strategy of popular power.

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Military

General Discusses Role of Armed Forces
33480197m Lima CARETAS in Spanish 25 Jul 88 p 52

[Interview with Army Gen Luis Cisneros Vizquerra, retired; date and place not given; first paragraph is CARETAS introduction]

[Text] Luis Cisneros Vizquerra is not, obviously, very much a democrat. If something can be said about him, it is that he maintains his convictions at all costs.

[Question] What should the role of the Armed Forces be in a democracy?

[Answer] To support the self-determination of the peoples. In a democratic system, this has very great importance, because in comparison to other systems, the Armed Forces have the duty of defending the sovereignty and integrity of the country as a function of a political position. In totalitarian or communist countries, it is a question of the armed forces of the party, and the concepts of sovereignty and security are, in the end, established by a minority.

[Question] How can Peruvian democracy be saved from failure?

[Answer] I believe that democracy is in danger and that the government, not the party, is tending to destabilize the system rather than to strengthen it. The government has the responsibility of saving it, and to ensure this, we must all yield a little. Democracy is not saved by a party or an army. We all save it. And although this seems an

inconsistency, a coup d'etat might save democracy. It might make it possible to consolidate it, because it probably constitutes the last resort for the defense of the democratic system.

[Question] Your reasoning is strange. I was speaking of saving it, not bringing it down.

[Answer] The fact is that if the government is doing nothing to save it, it is because we are moving toward a different system.

[Question] What factors are threatening our democracy?

[Answer] First of all, I believe that the political parties are not preparing to govern. They are only preparing to win the elections. It must be admitted that President Belaunde gave the electoral campaigns a different tone. He forced the candidates for the presidency of the republic to need to know Peru; to know it politically, and not as tourists, which is what has happened with many presidential candidates. To draft a plan of government after reading a novel is not the same as to do so after experiencing the reality. The politicians must prepare themselves to govern. Here is where the failure of the APRA lies. And when a loss of credibility develops and the country realizes that it has been the victim of a deception, a situation of extreme conflict which can lead to anarchy arises. There the Armed Forces bear a responsibility.

[Question] From your point of view, then, the military represent a threat to democracy.

[Answer] I put this factor in last place, because the people in uniform have no ambition to rule. Only those who are ambitious are a threat. The military suffer from the additional disadvantage of not being trained to govern, but this is a relative thing. The main disadvantage is that such a government would develop without the support of the will of the people. There have been instances when the people wanted a military government. With the present government, I have the impression that there is a loss of confidence.

But the main danger is terrorism. And the government has demonstrated that it is not capable of dealing with it.

[Question] Would the subversion by the Shining Path justify a coup?

[Answer] My thesis is that the military governments have not done away with republican life. Basically they have come about because of the failure of civilian governments in one or more sectors. Subversion is not being dealt with on the basis of pragmatic criteria, and the government does not see that the people do not want to opt for violence. The government has an obligation to draft a strategy and to implement countersubversive action consistent with the support the people are giving the regime. The majority of the people have chosen to

continue to live under a democracy. If the government is not capable of controlling it properly, intervention leading to a coup d'etat might be justified. But I want to make it clear that I have never seen any armed forces less interested in a coup than ours in Peru today.

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Interior Minister Names Three Factors in Democratic Stability

33480197n Lima CARETAS in Spanish
25 Jul 88 pp 52-53

[Interview with Adm Juan Soria, retired, minister of the interior; date and place not given; first paragraph is CARETAS introduction]

[Text] Minister of the Interior Juan Soria defends democracy without doubt or hesitation.

"Democracy is a system of life the country has chosen by a free vote. The Armed Forces are aware that only the path within democracy and freedom can bring about the continuing and self-sustained progress of the country. Democracy will fail to the extent that those responsible for sustaining the system fail. All of the citizenry must cooperate to sustain it," he says.

"In my specific case, I think that the Ministry of Interior is the democratic ministry, because it is the one which defends democracy officially and cooperates with the judicial branch in this connection."

[Question] Is the release of Morote a factor in destabilization?

[Answer] I do not think so. I regard it as one incident in democratic life which shows that we are passing through a critical period, nothing more. And in this and other cases, I maintain that the Criminal and Procedures Codes contain resources enough for judging and sentencing. As to why this was not done with Morote, the judges must answer this question. If we can sentence a whole gang of kidnappers, why can we not do the same with terrorists? In cases like this, one cannot demand that the criminals be caught in flagrante.

Now then, if the judges want specific laws in order to avoid another Morote case, the executive branch is submitting seven proposals in this connection to the parliament.

[Question] Do the excesses committed by the security forces represent a threat?

[Answer] The dirty war is a phrase used by some factions interested in criticizing the government. The number of persons arrested and turned over to the courts leaves us innocent of any blame. The regrettable thing is that 95 percent of those arrested are released by the courts.

[Question] There is currently a prohibition, which is unconstitutional, on access to the emergency zones for the press.

[Answer] I believe that this situation will be dealt with. My very personal opinion, which is being implemented in this ministry, is that there should be full press access to all procedures.

[Question] What factors might threaten our democracy?

[Answer] I do not believe that we are threatened. It is true that we are experiencing a crisis, but it falls within the framework of a world crisis. Our right-wing spokesmen offer us as an example the fact that the Chilean case is entirely different from ours.

[Question] What is the role of the Armed Forces in a democracy?

[Answer] In 1978, Gen Francisco Morales Bermudez called all of the commanders together for a meeting, and he told us then that the Armed Forces should be capable of ensuring three consecutive democratic periods for the country. He said that this was the way to stabilize democracy in Peru.

One of the great advocates of the thesis that democracy was the way to achieve progress in the country was General Morales Bermudez.

This is the total concept of the Armed Forces. With all of the problems which may exist, this is the path. The role of the Armed Forces is to protect and defend democracy.

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General Advocates Right To Vote for Military Personnel

33480197o Lima CARETAS in Spanish
25 Jul 88 pp 54-55

[Interview with Gen Sinesio Jarama; date and place not given; first paragraph is CARETAS introduction]

[Text] In the view of Gen Sinesio Jarama, a former commander of the Second Military Region, giving the vote to the military would give them a greater civic sense and a greater interest in democracy.

[Question] What should the role of the Armed Forces in a democracy be?

[Answer] The Armed Forces must participate actively and constantly in specific development programs in order to correct the economic and social imbalances. They should make known their views on the major national problems and their approaches to and opinions

about solutions. They should use their special characteristics, in terms of professionalism, organization, technology, equipment and apolitical status, to take upon themselves special projects. They can assume teaching responsibilities in the neglected zones of the country and they can provide links among the scattered human settlements all along the mountain range. Greater integration of the war industries of the Armed Forces and private and public industry should be promoted. However, I believe making the members of the Armed Forces full citizens so that they can exercise the right to vote is a step of overwhelming importance for strengthening democracy in the country.

[Question] What factors might pose a threat to democracy?

[Answer] The most important is the illegitimacy of the origins and foundation of the democratic regime, which makes it distant from the sectors which elected it and puts it in the service of group interests or isolates it from reality.

This situation has resulted in a government with ineffective leadership, in which corruption and immorality flourish, and in which the vertical decisions handed down from above do not reflect the interests of the majority social groups, nor do they serve to protect the national patrimony.

Other factors include the weakness of the institutions, the failure to respect the autonomy of the different branches of the state, the ease with which the Constitution is violated and the law ignored, and the slowness with which conflict is foreseen and political violence dealt with.

[Question] The excesses committed in the struggle against subversion are putting democracy in danger.

[Answer] I must reject the premise that the Armed Forces are committing systematic and indiscriminate excesses in their clashes with the Shining Path. The practice of abuse, in any of the sectors, fields or realms in which a response is made to armed and violent subversion, seriously affects democracy. But to say that it threatens it is an exaggeration. It has been historically demonstrated that in the struggle against subversion, opportunities for government excesses develop, and this possibility will be the greater when the response is clearly of a repressive nature, and is kept exclusively within the realm of the military and police. When abuses are committed, the government loses authenticity, legitimacy and confidence.

A democracy must know how to defend itself against those who rise up in arms to reject the very essence of the system and to replace it with another of a totalitarian cut. Conducting the struggle against subversion within the juridical-legal framework defined by the state of law is very difficult and limiting, to the extent that the

subversives make intelligent use of all of the prerogatives which the Constitution provides and all of the legal channels which the normative framework makes available to them as cover. Therefore, in order to avoid putting democratic continuity in danger, what is needed is to provide a new legal framework which makes it possible to combat armed subversion with firmness and efficiency. The authority provided by the state of emergency does not give the government permission to alter or set aside respect for certain basic rights of the individual. The errors and abuses which have resulted in loss of human life should be condemned, and those responsible for them, on all levels of decision and implementation, should be turned over to the courts. The worst service which can be rendered to democracy is to support immunity. With the dirty war, we are all losing.

[Question] The Shining Path is a threat to democracy. Is a coup justified?

[Answer] Its strategy may include the goal of forcing the Armed Forces to suspend the system. I have confidence that the maturity of the military commanders will lead them to realize the serious disadvantages to which this could lead, and its consequences. However, despite the fact that subversion is the principal threat, the government has no clearly defined policy for dealing with it. It has not established a firm determination to face up to the Shining Path in all of the sectors in which it is waging the struggle: political-ideological, social and psychological.

There is no clearly defined strategic program wherein the minimal expression should be a search for popular support. Repression continues to be the sole response. The Armed Forces are used without being guided by political goals, because there are none, nor is there any overall or integral strategy. The abdication of the government's responsibility to deal with terrorism may lead to an unstable situation which will create the conditions for a military coup.

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Richter Prada Discusses Military Expenditures
33480197p Lima CARETAS in Spanish 25 Jul 88 p 55

[Interview with Army Gen Pedro Richter Prada; date and place not given; first paragraph is CARETAS introduction]

[Text] Gen Pedro Richter Prada, a native of Ayacucho, believes that if the Armed Forces participated more fully in support tasks unrelated to war, they would have a better sense of the pulse of the citizenry.

[Question] In a democracy, should military expenditures be subordinated to other priorities when a country is experiencing a crisis such as ours is?

[Answer] Traditionally, determination of military expenditures (national defense costs) must be based on the conclusions obtained from studies of a political-strategic nature, taking into consideration the potential or real threats which may be posed to the country in the short, medium or long range. These studies, in turn, determine the magnitude of the forces needed, their organization, equipment, deployment, training and maintenance.

On the other hand, the state must see to the satisfaction of multiple needs, in order to promote and sustain the development of the country. To do so, it has a duty to establish expenditure priorities on the basis of the most urgent needs and the planned income, also within the short, medium and long range.

In connection with these concepts and the serious economic crisis we are facing, it should be made clear that our military expenditures in the last 10 years have suffered steady reductions, especially where the purchase of the principal war materiel items and the maintenance of what we have is concerned. This equipment suffers from the natural deterioration which comes with age, and it is necessary to make a great effort to keep it in proper condition. It can be categorically stated that Peru is one of the countries in Latin America which spends the least on this sector. However, it must be noted that the largest current expenditures are the product of the use of the Armed Forces in operations against the subversives.

[Question] How can democracy be saved?

[Answer] Rather than use the term "save," I would ask how to strengthen democracy. This can be achieved through the development of a democratic awareness in all the sectors of our society, on the basis of knowledge of and respect for the state constitution; the pursuit of transparent political action, with absolute consistency between means and ends, in order to establish confidence between those who govern and those who are governed; and development of the conviction that the crisis and underdevelopment can and must be overcome through a joint effort by all Peruvians, in an atmosphere of tolerance without weakness and in a great spirit of sacrifice and self-discipline. To achieve this, we must turn to the spiritual and material potential of all the citizens of Peru.

[Question] What should the role of the Armed Forces be in a democracy?

[Answer] First of all, to contribute to the development of a growing national identity. And then to win the respect and the confidence of the citizens of Peru, within the system; to participate in national development in the realm of civic education for the young people and the elimination of illiteracy, and in the formation of poles of development, so as to create sources of jobs and to facilitate proper demographic distribution, particularly on the edges of the forest and on the frontiers. Finally,

they must contribute to the construction of infrastructure projects (roads, river ports, landing strips, etc.) and to the technical and vocational training of noncommissioned officers and soldiers before they rejoin civilian life.

5157

Judicial

[Text] Members of the Lima Bar Association, headed by their dean, express their opinions on the situation of violence and the management of the judiciary. In recent years, the more honest the practice of law has become, the more frustrating. And if the legal professional also spends part of his time on investigations and judicial work, the potential for disillusionment and desolation becomes even greater. Nevertheless, many of these men and women feel that it is still an exciting job that cannot be praised too highly. Four of them have expressed their ideas about the crisis of violence, the operation of the judicial branch and its lamentable shortcomings (as evidenced in the recent case of Osman Morote), the chaos in legislation and the need for legislative reform, and the citizenry's discouragement with the system. 8926

National Accord Advocated

33480198g Lima CARETAS in Spanish 25 Jul 88 p 58

[Commentary by Raul Ferrero, Dean of the Lawyers College in Lima]

[Text] It is commonplace to say that the country is going through a severe crisis. In addition to the economic and social crisis, we now have the political and moral crisis. We are in a constant state of insensitivity to violence, heading toward a situation in which the death of human beings surprises no one. We are losing our respect for life itself, and we are at risk of losing our most precious values. The nation seems to have lost its way. And when asked when this crisis began to take shape, everyone agrees that this process of deterioration, which has gradually accelerated, began between 20 and 30 years ago.

The government's failure to respond to the reality of a society that has come unhinged and is heading toward a kind of breakdown can be seen in many places around the country that have been abandoned by the government. For example, in the departments of Ayacucho, Huancavelica, and Apurimac, many provinces have no civilian authorities; they are without prefects or mayors, and even without representatives of the church. Everyone has left these areas out of fear of the subversive groups.

In addition, many areas lack judges and prosecutors, so there is no administration of justice. Twenty percent or more of our territory has been declared to be in a state of emergency.

To these serious developments we must add the crisis of credibility in the population, which has lost its faith in the government's ability to deal with the situation. This has created an atmosphere of confusion, as reflected in the lack of personal safety that citizens must cope with, and the instability of the legal system, which is constantly changing the rules of the game.

There is no doubt that the state of violence in which we live, with a magnitude and scope unprecedented in our history, has severely tried the democratic system that we have chosen. It inevitably jeopardizes the organization of the state, which aims at the fundamental objective of consolidating that system on the basis of respect for the basic freedoms and human rights, the election of representatives, and the defense of the Constitution.

Happily, it has become apparent recently that the collective consciousness has recognized the seriousness of the problem. As a result, we will be in a position to grapple with the scourge of violence in a realistic and civilized manner.

There is widespread clamoring for a campaign to pacify the country, to go beyond what little has been accomplished so far.

Unfortunately, despite the government's constitutional obligation, it has not been up to the demands of the times. This leads us to the conclusion that we cannot sit back and wait for it to find a solution; rather, the populace must become coparticipants in the formulation of a plan to deal with the problem.

This means that the institutions that best represent the population must begin by undertaking a constructive dialogue that will enable us to correctly diagnose the situation after a serious and balanced analysis.

In this dialogue, referring back to the proposal we made early last year, the most representative institutions must participate. These include the Church, the political parties, the business federations, the press, the universities, groups of intellectuals, and all institutions of organized society that are able to contribute to this great crusade to pacify the country.

This task should be undertaken without delay, and the dialogue should be oriented toward a clear presentation of ideas, with all the cards on the table, no beating around the bush. It should lead us to a basic understanding with the government that will allow us to devise a comprehensive approach to dealing with the violence realistically and sincerely.

If this can be done, we could soon come up with a suggested agreement or minimum pact among all the participating institutions to tackle this issue, which is in the forefront of national interests. And then, in time, we could arrive at a true social pact that would enable us to break out of the state of socioeconomic prostration in

which we find ourselves today, a circumstance that has put us in last place in the Latin American struggle for development. This national accord should come at an opportune time to keep us from losing faith in our future.

That would be the way to approach the careful formulation of the National Project that was advocated decades ago by Jorge Basadre.

8926

Penal Reform Advocated

33480198h Lima *CARETAS* in Spanish 25 Jul 88 p 59

[Commentary by Luis A. Bramont Arias]

[Text] I. Legal professionals have a special responsibility with regard to the protection of people against terrorist acts. Legislators are responsible for providing adequate legislation to combat terrorism (Article 109 of the Constitution), for an independent judiciary (Article 233 of the Constitution), and for the right of the defendant to have immediate contact with an attorney as soon as he is cited or arrested by the authorities (Article 2, Subparagraph 20 h). The judicial branch is responsible for due process of law. Defense attorneys are responsible for any irregularities that may occur in the process; and academic attorneys, bar associations, and the National Federation of Bar Associations are responsible for playing an important role in improving the current legal system as needed.

II. At present, there has been a significant increase in the incidence of violent crimes, especially in cases of terrorism.

These violent acts must be analyzed in the overall context of the social problems that beset contemporary societies. Unemployment, social alienation, human frustration, grievances, and the desperation of those who want their social goals recognized, among other situations, create and foment the infrastructure of violence.

Passing a penal law on terrorism is one of many solutions to the problems of terrorism.

III. Penal measures should take into account the country's social context, the serious problems that have arisen in our criminal justice system, and above all, certain political-criminal objectives, including the following:

1) It should be noted that criminal law is not an instrument of oppression, but a guarantee that enables a pluralist society to fully exercise the freedoms recognized in the Constitution. In this regard, anything that might involve a mere ideological discrepancy is rejected; the idea is to achieve a minimum framework of coexistence.

2) According to the principle of minimum intervention, criminal law in Peru enters into play only when it is indispensable for maintaining legal order and social peace. Given that Peru is a "social and democratic republic," it must not abandon its obligations to society or cease being "social," but merely reinforce its juridical boundaries in a "democratic" sense.

3) We must exercise moderation in sentencing, in terms of both nature and length. The greatest deterrent to crime is not the cruelty of the sentence, but the infallibility thereof. The certainty of a punishment, even if it is moderate, has a greater impact than the fear of a harsher punishment combined with the hope of impunity or non-enforcement. The preventive functions of the sentence depend not so much on the severity of punishment as on effective police enforcement, speedy prosecution, and the certainty that the sentence will be carried out.

4) The above objectives must be developed with absolute respect for the principle that repression is legal (Article 2, Subparagraph 20 d of the Constitution), especially when it comes time to define crimes and set sentences, as a requirement of legal security which allows for advance knowledge of crimes and sentences, and as a political guarantee that the person will not be subject to penalties imposed by the state or the judiciary that the people would not approve of.

Have these principles been translated into Law No. 24651 of 19 March 1987, which repealed Legislative Decree No. 046 of 11 March 1981? Evidently not.

Legislative Decree No. 046 established penalties as means of preventing terrorism, and covered all types of crime: generic terrorism, with the related aggravating circumstances, providing terrorist supplies, financing terrorism, illicit association for terrorism, abetting terrorism, and acting as an apologist for terrorism.

Law No. 2461 abolished the classifications of crimes corresponding to illicit association, public incitement through the use of the mass media, and acting as an apologist for terrorism. These provisions really do not constitute violations of the constitutional freedoms of information, opinion, expression, or dissemination of thoughts (Article 2, Subparagraph 4 o), because neither solidarity nor incitement to riot, rebellion, or terrorism can be protected, as they are indirect incitements to the commission of crimes. The law abandons important preventive measures and becomes an instrument solely to repress terrorism. It contains extremely harsh penalties, as in the case of its provision denying parole, which turns prison sentences into life sentences.

IV. The laws on criminal procedure should aim at two fundamental objectives: facilitating police, prosecution, and judicial investigations for the prevention of crimes and, where appropriate, the capture of criminals; and streamlining procedures to prevent delays in the prosecution of the crimes defined in the law.

These objectives must be achieved by taking action on four different levels: more social activity oriented toward prevention, more legislative cooperation, more police effectiveness, and more moderation and speed in judicial decisions. 8926

Mistrust of Justice System Cited
33480198i Lima CARETAS in Spanish
25 Jul 88 pp 60-61

[Commentary by Javier de Belaunde, lawyer and professor]

[Text] The inadequacy of the administration of justice is one of the most serious shortcomings in Peru's outmoded legal system, and one of the principal causes of violence.

Few public services have prompted such widespread criticism by diverse sectors of the population as has the administration of justice. Socio-juridical studies, reports in the press, and the most varied analyses of the national scene all reveal that citizens have lost faith in the administration of justice.

A growing sensation of impunity has permeated daily conduct in Peru. Arbitrariness is a constant not only in the exercise of power, but at all levels, and the legal system seems powerless to counteract it. This impunity is manifested in many aspects of social life, not only in the most notorious cases of crimes against fundamental individual rights, but in myriad aspects of daily life. It is manifested in the tremendous advantage enjoyed by anyone who commits an offense against another person, forcing the victim to resort to a slow-moving and inefficient formal apparatus to have his rights recognized and restored. It is manifested in the severe problems that people have trying to obtain a judgment providing reasonable redress for damages caused by another through actions, carelessness, or negligence. It is manifested in the awareness that the penal sanctions set forth in our legislation are applied almost exclusively to certain social sectors, while others are, for all practical purposes, "beyond the good and the bad."

It is no surprise, then, that violence has taken root in our country. It is the consequence, to a very great extent, of this impunity, and the absence of a reasonable judicial system has contributed significantly to this situation.

Nevertheless, though it is easy for many to do so, it is not fair to heap most of the blame for the plight of the criminal justice system on judges and the judiciary. Arriving at a consensus on what is wrong with the judiciary could be a complex task. Those who have studied the matter approach it with various perspectives and accents, but we can derive from their work a list of the most serious problems, those that require immediate attention. Let's try to sum them up:

1) The funding problem and working conditions: The chronic lack of resources makes it unthinkable under the present circumstances to undertake judicial reform, or even to try to prevent further deterioration of the already deficient service provided today by the judicial branch. The problem encompasses everything imaginable in judicial organization, from miserable salaries, impossible working conditions, and the shortage of personnel, to the lack of even the most basic resources (paper, libraries, legal bulletins, communications, etc.).

The political branches of government have neglected the budget of the criminal justice system for decades, and this is certainly no accident; it translates into a disregard for and belittling of the judicial branch's function.

Thus, we must begin by obeying the Constitution, which provides that the allocations to the judiciary should not be less than 2 percent of the budget of current expenditures for the central government. Budget priority has been given to the construction of an electric train in Lima and other public works projects throughout Peru. Shouldn't priority be given to complying with the constitutional mandate in an area as crucial for the viability of democracy as this?

2) The problem of autonomy and independence in the judicial branch: This problem has two facets, one associated with the performance of the political branches, which have traditionally had little regard for judicial independence, and the other related to the attitude of the judicial branch.

The first aspect focuses on judicial appointments. The Constitution has assigned to politicians the task of appointing judges. It is obvious that the creation of real conditions of independence and autonomy for the judiciary requires that politicians give up their power to appoint judges by passing the appropriate legislation.

On the other hand, it is clear that the judicial branch has seen its autonomy erode on many occasions because it has not designed goals, programs, or alternatives for its own functions. Under the present structure of government in the judicial branch, this is nearly impossible. There is a confusion of the jurisdictional and governmental functions of the judicial branch, and it cannot be truly autonomous; it has to comply with certain conditions for self-government. The magistrates who are overwhelmed with burdensome caseloads cannot be expected to deal with the needs of internal organization as well. Dealing with this issue by establishing government agencies within the judicial branch to carry out judicial policy is a task for the new organic law that is being drafted.

3) Obsolete procedures and inadequate judicial organization: As an indication of legislative neglect of the criminal justice system, we should point out that clearly obsolete procedural instruments, such as the Code of Civil Procedure of 1912, are still being used. There is more to this issue than a mere desire to modernize

legislation. The organization of the judicial branch and the legal instruments that are used in the resolution of conflicts that are brought to court are not adequate for their purposes. As a result, trials drag on forever, and by the time a decision is reached it can no longer solve the problem.

On the other hand, the absence of rationality in important areas of judicial organization borders on the absurd. For example, it is unreasonable for a civil judge in Lima to be responsible for 8,000 cases; this amounts to a deliberate admission that this judge cannot decide cases.

4) Lack of access to administration of justice: Often the direct and indirect costs of litigation make a mockery of the principle of equality before the law.

A civil justice system that makes access costly limits such access, and encourages various forms of corruption. The confusion between reasonable and unreasonable fees is linked to a pay-as-you-go system of justice. For this reason, we think it is essential that the principle of "justice free of charge" be consecrated.

5) Social viability of the administration of justice, judicial reasoning, reliability of judgments, and other factors: In the context of scarce resources, inadequate organization, and obsolete procedures, the judiciary often contributes to the citizens' mistrust because of the way it approaches the resolution of conflicts. The average citizen can see that judicial reasoning and interpretation do not give due consideration to the goal of solving the real problem. What prevails is a formalist reasoning that is not oriented toward conflict resolution; frequently questions that end up evading the underlying problem are given priority. In this way, at the end of the process people feel that their problem has not been handled reasonably. Often a legal conflict is approached as if it were a conflict of norms to be applied rather than a conflict of social life that must be resolved in a country as diverse as ours.

It is imperative, then, that judicial reform tackle this problem. Magistrates must specialize, but they should also be encouraged on an institutional level to revise the role they are playing in society.

In contrast to the regular courts, which are run by attorneys, there are small claims courts, which are run by laymen. These are average citizens who use evidentiary methods that are completely alien to those provided for in procedural law. They are unfamiliar with the law, and they use more common sense than juridical logic. In this setting, they solve the real problems of people, because that is their primary interest. This "informal" justice, unlike the regular courts, enjoys a certain amount of social prestige. There are important values here that must be salvaged and preserved.

Finally, there is the matter of the increasing irregularity of the administration of justice. The judiciary belongs to Peru, and this is a country where corruption penetrates all aspects of national life in an alarming and harmful manner. The judicial branch has made major institutional efforts to deal with this matter, but the facts show that this has not been enough. Meanwhile, we still have obsolete procedures that invite corruption, inadequate mechanisms for recruiting officials and judicial assistants, and aspects of judicial organization that encourage irregularities. The problem is one of enormous complexity, but from the standpoint of challenging violence and with the understanding that the creation of effective courts for resolving social conflicts is essential, it is of vital importance that we take decisive action to give the criminal justice system the attention it deserves and undertake the reforms that are so urgently needed, once and for all. Otherwise, we will encourage violence, either by allowing people to take justice into their own hands, or by encouraging people to think that there is no point in following institutional channels to redress grievances. For although these rights are consecrated in the Constitution and legislation, to many Peruvians they appear to be a dead letter.

8926

Political-Military Command Criticized
33480198j Lima CARETAS in Spanish
25 Jul 88 pp 61-62

[Commentary by Francisco Jose Eguiguren]

[Text] Both subversion and the eminently repressive official response to it have plunged the country into a tragic cycle of violence and death. Furthermore, the effort to "convince" certain sectors of public opinion and the citizenry that it is inexpedient and ineffective to deal with these matters within the framework of the Constitution and the fundamental principles of the democratic rule of law, seems to be making headway.

Those who are demanding harsher repression and those, mainly in the upper echelons of the ruling party, who persist in their claims, whether out of naivete or cynicism, that human rights are respected in Peru and there are just a few isolated "excesses," are both moving in that direction, sometimes unintentionally. For this reason, we feel it is imperative that we counter those arguments with an analysis of the constitutionality of the antisubversive strategy and some recommendations for overcoming these problems by strengthening the democratic institutions of our country.

State of Emergency Unfeasible

After more than 5 years of uninterrupted military presence in Ayacucho, Huancavelica, and Apurimac, it doesn't take too much intelligence to understand that declaring these areas emergency zones subject to military control is in itself insufficient to confront or solve the

subversive armed struggle. The high number of victims in the civilian population, the security forces, and the subversive groups, and the decision to prolong the military presence in the region out of fear that a withdrawal would facilitate the acceleration of subversive activity, point to the obvious failure of this strategy.

The most serious problem is that subversive action has spread to other important parts of the country, both in the central jungle (in complicity or coexistence with the drug traffickers) and in Huancayo and Puno, not to mention the fact that Lima has been in a state of emergency since February 1986. It is true that our constitutional provisions regarding the state of emergency are limited to an exclusively repressive approach, calling for restrictions on individual freedom, the freedom of association, free transit, and the inviolability of the home, and limitations on the guarantees that protect these rights. Even so, antisubversive measures have frequently exceeded and breached these constitutional parameters.

Therefore, those who claim that respect for constitutional standards concerning human rights conspires against the efficacy of antisubversive action have no grounds for such false assertions. History abounds with evidence (presented in charges filed and investigations conducted by national and international organizations) that repressive efforts frequently involve illegal practices such as disappearances and execution of detainees and the torture or murder of local residents to intimidate them or take revenge. The fact that the subversive groups resort to these cruel and reprehensible methods as well can never be used to provide moral or legal justification for similar conduct on the part of the security forces.

Powers of Political-Military Command

The fact that the present government and its predecessor opted almost exclusively for a repressive military response to armed subversive action explains the designation of a chief of the Political-Military Command (CPM) (superior officer of the Armed Forces) as the maximum authority in the emergency zone. And it is interesting to note that while the military sectors consider the powers vested in them under Law 24150 (of June 1985) to be limited and insufficient, various institutions have challenged the CPM's assumption of functions beyond its purview and its subjugation of or interference with local political, civilian, and judicial authorities.

From the beginning, the military leaders stated that antisubversive action should be comprehensive, not limited to the military and repressive spheres. Nevertheless, the government's failure to respond to these requests has apparently led the Armed Forces to mire themselves in a struggle that they undoubtedly see as lacking in promise or solution. This helps undermine their morale and exacerbate feelings of resentment against the crimes committed by the subversives. It also encourages them to

turn to the methodology of the "dirty war," which is clearly in violation of the Constitution and a blot on the social image of our Armed Forces.

Pacification and Strengthening of Democratic Institutions as Alternative Strategy

Convinced as we are that the majority of the Peruvian people favor a social democracy with justice and respect for constitutional precepts, it is imperative that we decisively confront those who would thwart this arduous effort to build a democratic state in our homeland and who advocate the application of repressive solutions that have been used by shameful reactionary dictatorships on our continent. A government elected by the people does not need to, nor can it, resort to such methods; if it were to do so, it would lose the constitutional and democratic legitimacy that upholds it.

It is clear that the essentially military antisubversive strategy that has been pursued so far has failed utterly. It is therefore time to cast this strategy aside and take the road of pacification and the strengthening of democratic institutions. These tasks cannot be carried out, as some would have us believe, by expanding the powers of the Political-Military Command in the emergency zones. The kind of economic and social actions and the political mobilization of the people that the new strategy demands exceed by far what the Constitution allows the military to do under these circumstances.

The CPM should be replaced in its current functions by an Emergency Committee made up of local political, civilian, military, and police authorities. It should be chaired by a civilian official appointed by the executive branch, which is the entity with the constitutional mandate to guarantee internal order, to formulate and apply the antisubversive strategy, and to take political responsibility for it. On the contrary, if the current strategy remains in effect, the violence will continue its upward spiral, the military presence will spread to new areas of the country, and the government's moral authority will be diluted if it persists in ignoring the fundamental legal principles consecrated in our Constitution. And these principles are *sine qua non* requirements for the construction of a democratic society.

08926

Informal Economy

De Soto on Informal Economy
33480198k Lima CARETAS in Spanish
25 Jul 88 pp 64-67

[Interview with Hernando de Soto, president of the Institute of Liberty and Democracy; date and place not given; first paragraph is CARETAS introduction]

[Text] The informal economy is a terrible fact of life in Peru. It is also an explosive and extremely interesting fact, and we believe that it is important to take a close

look at its characteristics as a means of dealing with one of the many sticking points in the challenge of saving democracy in Peru. We do not think this is just another phenomenon. Has the human element of a social phenomenon never mattered in this country? We believe it is much more important to incorporate the genius and imagination of these people in the common Peru that we must build together. In his book "The Other Path," Hernando de Soto argues that the informal economy is a shadowy area that has a long border with the legal world, and that individuals take refuge there only when the costs of obeying the law exceed the benefits. We believe that the phenomenon of informality is much more than that. Here is our interview with the main expert on the informal economy, along with statistics and a survey of the problem. What De Soto says comes nowhere near to covering the entire problem.

[Question] From the standpoint of the informal economy, what does democracy mean, and how can it be saved?

[Answer] I suppose you are talking about how to save the electoral system and the few democratic institutions that function in this country, so that a democracy can be tailored to suit Peru's needs today.

[Question] Fine, but what would that democracy be like?

[Answer] It has been 40 years since the "popular" element, or the real Peru, if you will, burst on the scene in Peru. It has reached the cities and come in contact with the 20th century, and it is neither heard nor reflected in the state, which claims to represent it and work for it. Therefore, if what exists and is known as the democratic system does not adapt to the needs and participation of the new Peruvian majority, it is possible that the electoral system that currently prevails will fall apart and be replaced by a dictatorship of an as yet undetermined physiognomy.

[Question] It is not just a matter of the electoral aspect, but the entire system....

[Answer] But I don't believe that the democratic system, as it affects those who have lived in Peruvian cities and have functioned within the system, has been valid for what the majority of the active citizenry is today.

[Question] What has it been?

[Answer] It has been a system that we of the Institute of Liberty and Democracy call "mercantilist." Under this system, a small portion of the Peruvian population, the privileged few, have been able to influence the management of the state, to protect their businesses and professional activities, and occasionally, to vote. But in that system....

[Question] Which is in crisis....

[Answer] Which is in crisis, because now the majority of Peruvians want to participate, like you and me, and they don't see that the system has any room for them. Therefore, to salvage those aspects that benefit you and me, it is necessary to extend the system to cover the majorities who are not reflected in it today.

[Question] Well, but that involves profound changes.

[Answer] That's what it's all about. All of this assumes a radical transformation of democracy as we have understood it in Peru so far.

[Question] Didn't this state ever represent us?

[Answer] This state never represented the majority of Peruvians.

[Question] And when did this divorce become apparent?

[Answer] It began to appear when the cities began to be invaded en masse by the peasants, in the late 1940s and early 1950s. Since that time, the average population of Peruvian cities has quintupled. And the recent arrivals have realized that the democracy does not hear them, has no means to hear them, and does not represent them adequately.

[Question] What, in essence, do you propose?

[Answer] First of all, a change in the way laws are enacted in this country. The Central Government of Peru currently produces 27,400 norms each year, of which only 360, barely 1 percent, are produced in a pluralistic, open setting in the context of parliamentary debate. Ninety-nine percent of the norms are produced behind closed doors, without participation or any scrutiny by the civilian society. It is this divorce between the political society and the civilian society that is primarily responsible for the fact that the state and its so-called democratic system do not reflect the desires of most Peruvians. It is also the reason why Peruvians are rejecting this state in increasing numbers.

[Question] It would be necessary to create or modify channels of expression.

[Answer] It would be necessary to modify various institutions so that they can hear all the citizens better. This begins with the decentralization of the decision-making bodies.

[Question] This also means realizing the potential of organization.

[Answer] That's right. In the second place, this means realizing the potential of the civilian organizations that the citizens have already established informally, and that in fact govern them. Examples of such organizations are the neighborhood boards of the slums, the truckers' committees, the merchants' unions, etc. In the third

place, it means allowing Peruvians to govern their own economy under the appropriate regulation, through the prices that they themselves set within the framework of effective and fair competition.

[Question] And what about the electoral aspect?

[Answer] That would follow immediately. A new electoral system must be established under which the appointment and election of the politicians who represent us would respond directly to the popular will and to the citizens' different preferences, rather than to the exclusive lists drawn up by the political parties according to criteria that are not necessarily democratic.

[Question] What other measures could be added?

[Answer] Several other measures, such as an effective balance of power among the different branches of government so that they will compete among themselves and oversee each other efficiently. Another would be an independent judiciary and speedy justice, under which any citizen could defend himself against the abuses of the powerful, whether they be private or public entities.

[Question] Do we really have remedies?

[Answer] I think so, but I don't see any easy or moderate solutions. Since the changes that have occurred with the emergence of the popular element are so radical, any solution necessarily involves a radical transformation of the state as well. The problem so far has been that all the changes articulated by the Peruvian authorities at the level of the central government as well as the municipal level, whether by the right, the center, or the left, have been half measures.

[Question] And do you honestly believe that such a change can be brought about peacefully?

[Answer] I am convinced that it can, because there are several historic examples of changes made in peace rather than violence. With the exception of France and Spain, practically all European countries have managed to advance to a decent standard of living.

[Question] The terrible challenge is being able to make peaceful changes when terrorist death has been unleashed here.

[Answer] It is cruel to say so, but the upsurge of violence in the country should facilitate the peaceful transformation of Peru, to the extent that the most conservative sectors that oppose the transformation realize that there is not a lot of time left to make such changes, and that it is better to do it voluntarily and peacefully. In this way, we can develop a democracy that encompasses the popular element, rather than a totalitarianism imposed on us by force.

[Question] And do you believe there is enough time?

[Answer] I think that no one can say exactly how long a people can resist, or how much deterioration in their living standards they can endure. I think it is impossible to say whether there is enough time or not. There are countries that have been transformed practically overnight, while in others, it has taken more than 100 years of civil war to accomplish this.

[Question] You have been close to the popular element of Peru. What is it made of?

[Answer] It is the most energetic and resistant sector of the country. In the last 30 years it has built \$18 billion worth of housing. It is responsible for practically 80 percent of the fleet that transports people and goods within and between cities, and it accounts for at least 60 percent of trade. In industry, it is gradually beginning to take over the market, even though it is not represented by the state, even though it runs counter to the law, and even though it is constantly persecuted by the authorities.

[Question] Where does it get its moral reserve?

[Answer] It has energy and resistance to spare. Because it has already begun a peaceful revolution, we must ask ourselves not whether these people will have the moral reserve to continue their peaceful struggle, but whether we in the formal sector, who have more education and bear much of the responsibility for changing the current system, will be able to react in time.

[Box, p 67]

It's Their Time

In 1940, national statistics began to reflect major migratory movements from the country to the city. In that year alone, it is estimated that 300,000 people arrived in the capital seeking better opportunities. Forty years later, this figure has been multiplied 6.3 times.

In addition to the initial hostility that greeted them, they encountered the barrier of the prevailing legal system. It was not prepared to receive and incorporate such a large number of new elements in a situation of competitiveness. It was thus difficult for the migrant to formally enter the job market and even to meet his basic needs.

"It was in this way that the migrants became informal workers, in order to survive. To live, trade, manufacture, transport, and even consume, the new residents of the city had to resort to the expedient of doing so illegally," says Hernando de Soto in "The Other Path." He goes on: "The informal economy is not a precise or static sector of society, but a shadowy area that has a long border with the legal world. Individuals take refuge there only when the costs of obeying the law exceed the benefits."

Researchers at the Institute of Liberty and Democracy believe that three factors have contributed to the expansion of the informal sector in recent years:

- It is the state that defines the procedures, norms, and steps that an economic activity must go through in order to become formal. The state, therefore, does not take into account what small businessmen need when it passes laws that are too expensive because of the red tape they require. The legal recognition of a small industrial plant can take up to 289 days, for example, and the purchase of idle land from the state requires 207 procedures with 54 public agencies.
- Legality, as it exists today, does not offer enough benefits. The state does not duly protect the ownership of businesses, given the insufficient police and judicial apparatus, and this makes it difficult to arrive at a rapid solution to problems of ownership and contracts.
- Laws are enacted to favor larger groups, especially private monopolies.

As of 1986, the largest numbers of informal workers were in the following sectors, in order of importance: fishing, 120,000 workers, 68.57 percent of the total work force in that sector; agriculture-livestock, 1,658,000 workers (64.11 percent); various services, including health and private education, 414,000 workers (53.8 percent); transportation and communications, 122,000 workers (45.86 percent); banking and insurance, 43,000 workers (44.33 percent); commerce, including restaurants and hotels, 355,000 workers (42.21 percent); manufacturing, 255,000 workers (34.27 percent); construction, 71,000 workers (24.23 percent); mining, 12,000 workers (14.81 percent).

The total gross domestic product of the informal sector represented the following percentages of the overall gross domestic product for 1986: various services, 62.86 percent; restaurants and hotels, 57.72 percent; commerce, 56.49 percent; fishing, 47.50 percent; transportation and communications, 46.94 percent; agriculture-livestock, 30.50 percent; banking and insurance, 26.85 percent; housing rental, 19.23 percent; government, 18.81 percent; manufacturing, 15.67 percent; construction, 15.45 percent; and mining, 9.95 percent.

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Church

[Text] What are the challenges that Peruvians must face to preserve a democracy with a united Christian spirit and content? This question assumes acceptance of the position that democracy, which must be protected and saved, should have an essential fraternity, and that fraternity should be basically Christian. We Peruvians love peace, and we love democracy. But are we mature enough to take care of it? Historic experience would seem to contradict the statistics.

So, why the church?

In Peru, the majority of the population is Catholic. Nearly 92 percent profess the Catholic religion, which means approximately 18 million inhabitants. For this extraordinary number of people, the church is a sanctuary, a place to reflect. This is why its message has validity and impact on historic conflicts such as those plaguing Peru today. And this is why we have turned to prominent officials of the church or people associated with it to hear their opinions.

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Excesses Decried

334801981 Lima CARETAS in Spanish
25 Jul 88 pp 69-70

[Commentary by Msgr Luis Durand Flores]

[Text] The essential goal of the church founded by Christ is transcendent, although the immanent aspect is necessarily complementary. The final transcendence depends on the proper use of liberty, accepting the gift of God; and it does not depend on material situations. As for the immanent aspect, the church aids human progress in various ways, depending on its competence, especially with respect to the defense of morals. It offers not only its works for the social good, but also its denunciation of evil and its announcement of good. This announcement is an anthropological vision of man that is integral and complete, based on the Bible, and encompasses the entire reality without distortions. It is the "social doctrine" that should be well understood and practiced, and it consists of practical principles for application, such as those of "solidarity," which entail human honor and communion; and those of "subsidiarity," which allow for the free exercise of man's individual and social qualities, under the guidance but not the domination of the state. All of this is linked to work, which is the foundation and dignity of human progress.

To defend life, we must insist on the proper exercise of authority, which while avoiding totalitarian authoritarianism insists strongly that there be adequate laws, that they be properly enforced, and that they be guided with justice and firmness. It is here that we find true democratic freedom, not in the libertinism that engenders chaos and leads to death.

When there are excesses, the result is authoritarianism, as happened to the military in Argentina and as happens in communist regimes. To save Peruvian democracy, there must be authority, but it must be exercised without succumbing to totalitarian authoritarianism. To save ourselves from crime, we cannot resort to crime; excesses cannot be justified.

There is a lack of adequate legislation in this area, as in the area of corruption. Without it, we have chaos. The three branches of government (executive, legislative, judicial) have to coordinate their respective purviews so that there can be true democracy.

The legitimate Liberation Theology that does not miss should seek spaces between a democracy that is ceasing to be such because of widespread libertinism, and collectivist totalitarianism.

The proper thing is to live in democracy. To have democracy, free elections are just the beginning. It also demands the existence and correct, honest, balanced coordination of the three branches of government. That is the challenge: to achieve that coordination of powers, and therefore to fight against all amorality and widespread anthropocentric libertinism.

Another aspect is not to allow totalitarianism to infiltrate in the layer of aid to the poor.

The best way to carry out the proper option for the poor, neither exclusive nor excluding, is to have proper laws that are enforced and guided. Dishonesty is the worst enemy of the poor. If it is not correct, amorality could lead to an enslaving totalitarianism, not because this is necessary, but because we have not been capable, as others are, of living in compliance with true laws, which give meaning to moral liberty, the foundation of democracy.

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In Defense of Life

33480198m Lima CARETAS in Spanish 25 Jul 88 p 70

[Commentary by Msgr Luis Bambaren]

[Text] Our democratic life at the national level has revolved around leaders whose parties did not survive. They are loose links that have not formed a chain that educates for democracy. At the local level, there is indeed a democratic tradition that is part of our culture. I am referring to the peasant communities and to the uses and customs of the neighborhood organizations in which our peasants maintain a productive human structure with a great sense of authority and participation. The challenge for democracy is to protect and respect these local democracies.

Alternatives

We are in a culture of death, insecurity, violence, fear, and frequent illegality. There are some fundamental tasks: One is to defend life as the fundamental gift of God. We Christians believe in the God of life, and we defend life from its conception, and we live life projected to eternity. God gave it to us, and only he can designate the last day. Education and the mass media should promote the value and defense of life above ideologies of

death or personal or group ambitions. A second task is to ensure the full viability of the rule of law, and openness in the administration of justice. With justice there will be full viability of laws; without justice, there will be social chaos. If society mistrusts the administration of justice, then each person will take justice into his own hands. Then there is a tremendous responsibility to safeguard the rule of law.

Peruvian democracy can save itself if it faithfully fulfills its own duties. People are quick to demand their rights here, but they forget about their duties, or they fulfill them carelessly. There is a lot of talk about human rights or labor demands, and we are living in a time of extreme measures. Instead of beginning in legal channels, the dialogue goes directly to violent attitudes. And this is a great shortcoming we have in Peru.

The church helps build a democracy with a Christian vision of man. There is no difference between Juan and Pedro, between rich and poor, between man and woman. All have the same dignity; all are children of God. The Lord favors the weak with his love. Our society measures man by what he has; the church offers the ideal of not having more, but being more.

The social doctrine of the church considers that the strength and viability of intermediate organizations, such as trade unions and professional associations, are important. It says that all parties to a conflict should intervene in the solution. I believe that democracy at the national level is not solid in its structure, but it is solid in the desire of Peruvians who want the democratic system to remain, above and beyond anything that might erode it.

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Need To Give Up Privileges Cited
33480198n Lima CARETAS in Spanish 25 Jul 88 p 71

[Commentary by Catalina Romero]

[Text] From my point of view, the principal challenge that the church must tackle to continue living in a democracy lies in the profound disrespect for the lives of the poorest people, a disrespect that has existed in our country for centuries. It has become more apparent in recent years, and is condemned by all when innocent citizens, guardsmen, and soldiers are murdered in cold blood in order to prevail through terror, or when whole families are murdered in remote villages for no reason other than suspicion or revenge. But that disrespect for life also exists in a more covert form, which is no less dangerous to democracy. It exists in the misery and abandonment of the peasants, in the meager wages earned by the workers of our country, in the lack of social services to protect the health and guarantee the education of the masses, in the mistreatment of subordinates, in the reluctance people show to recognize each other as fellow citizens with equal rights.

These challenges, old and new, pose a threat to democracy if we Peruvians refuse to recognize them and therefore to confront them.

Contributions To Defend Democracy

At the level of the daily work of the church, there is one fundamental contribution in the formation of a critical conscience that is committed to solving the country's main problems. The church contributes to the formation of a critical, committed, active, hardworking, democratic, unified, and faithful citizenry that believes in a better future arising out of this conflict-ridden present. As an institution, moreover, it contributes its word to help make distinctions in difficult situations, applying standards of justice based on the gospel, taking into consideration the complexity of the problems and the various conflicting interests. It can appeal to the consciences of one and all to solve the problems that arise with justice and generosity.

Building Democracy

The church can help build democracy if it recognizes the problems that exist in our social context. It can help analyze the causes and provide an atmosphere of confidence in which solutions can be sought. The major inequalities that exist require major actions to confront problems. Those who have always lived well and wanted nothing must give up their privileges, and those who have no access to the goods they need to lead a decent life must make an organized effort to improve their living conditions.

A fundamental contribution by the church will be the establishment of an ethic of solidarity and commitment: commitment to the various alternatives that arise to defeat poverty, and solidarity in the sharing of the goods created by the collectivity. It is a question, then, of countering an ethic of irrational accumulation and unrestricted consumerism, which is very far today from the Christian inspiration that some attributed to it. A work ethic, yes, but not an ethic of exploitation. An ethic of united sharing to promote peace, not an ethic of selfishness that provokes violence.

Its principal contribution will be seen in the reduction of social inequalities in the country as a sign of the efficacy of its evangelizing work. The love of God, and consequently brotherhood, requires that Christians make a radical commitment to the construction of a more just and democratic society.

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Equality Advocated as Answer to Violence
33480198o Lima CARETAS in Spanish 25 Jul 88 p 72

[Commentary by Ernesto Alayza]

[Text] Violence is the principal challenge that Peru must face in order to continue living in a democracy. This is especially true when the violence is expressed in the

various disparities between the social groups of Peru: disparities in income, services, aspirations, even disparities in race and culture. The language of the latest papal encyclical makes us see in our country something that is preventing cohesion. As a result, the political institutions that should have been based on social practice and social relations are weakened because they lack that support.

We Christians are in the majority in Peru, and the first thing we should contribute to save democracy from failure is the fruit of our faith. The Peruvian Church has been providing an alternative that clearly has political effects, but it is not a political position *per se*. It stands for dignity and equality among individuals as citizens. And we see this in many groups of grassroots parishes, in peasant groups where people feel that they are all equal. And this is how they manage to defend some rights and make progress in the solution of their economic problems. Democracy can be built and saved on the basis of these experiences, which can conquer violence.

The church should accompany this democratic process in particular, because it is an institution of recognized moral character in Peru. Its commitment at this time could be to establish more of a presence in this area of conflict. The church should help lay the groundwork for solidarity by strengthening some values that will contribute to democracy and by emphasizing experiences and commitments that can be found in grassroots communities. These are, for us, a correct display of a democratic attitude, although they still lack a national presence.

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Regionalism

[Text] The fear that regionalization will lead to chaos is something that often surfaces in conversations on this subject. Interregional competition and the growing desire for autonomy that local authorities are presumed to have, arouse fears in those of the traditional center. It is possible, but unlikely, that this will happen. The main problem of chaos we have is found in the centralist capital itself, Lima. This is why it is particularly significant that, now that Peru is undergoing a severe economic crisis and is caught up in a spiral of violence, the issue of regionalization should arise as one of the solutions to our development, pacification, and the consolidation of democracy. CARETAS talked to four specialists: Dr Luis Bustamante Belaunde, 44, of Arequipa, director of planning at the University of the Pacific and author of "Regionalization and the 1979 Constitution," among other works on the subject; economist Efrain Gonzales de Olarte, 41, of Cuzco, director of the Institute of Peruvian Studies, professor at the Catholic University, and author of "Regional Economy of Peru"; Jose Scalffi, 30, an economist from Lima who is general manager of the La Libertad Development Corporation; and Arequipa Mayor Luis Caceres Velasquez, a native of Puno who did not mince words in his discussion of the issue.

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Problems in Regionalization Process Outlined 33480198p Lima CARETAS in Spanish 25 Jul 88 p 75

[Interview with Luis Bustamante Belaunde; date and place not given]

[Text] [Question] Which authority should predominate in the region: the elected official, the prefect, or the representative of the government?

[Answer] The official who derives his authority from the people's decision. The Law on the Bases of Regionalization indicates that there will be a council and a regional assembly. I think that constitutional legitimacy is on this side. The office of prefect will have to disappear in constitutional practice.

[Question] How does regionalization imply a more democratic management of the country?

[Answer] The most important aspect will be seen in the vote. Forty percent of the regional assemblies will be comprised of representatives elected by popular and direct balloting.

[Question] Do you agree with the distribution of the assembly in thirds?

[Answer] I think that popular participation has a perfect channel in suffrage and in representatives who are part of the political parties, which in turn are the central agents of representative democracy. Trade union organizations or social institutions fill in the gaps left by the political parties. But if we create a parallel set of institutions, we come close to having pretensions of corporatism, something that we thought we had overcome and that the American Popular Revolutionary Alliance (APRA) has always believed in.

[Question] Could this corporatist trend in the popular representation of the regions affect democracy?

[Answer] I think so, in that these are alternative institutions in competition with the political parties.

[Question] In critical situations such as we are going through, there is a tendency to subordinate democracy and the political give-and-take to immediate and urgent development needs.

[Answer] The arguments opposing a truly democratic and representative regional government are vestiges of a centralist mentality.

[Question] Is this true of the gas situation, for example, which also is of regional-national interest?

[Answer] What we need are two things: clear rules and lucid minds. If each level of government is aware of its scope and its limits in terms of jurisdiction, there is no possibility for contradiction.

[Question] What is your opinion of the Law on the Bases of Regionalization and the jurisdictions it delineates?

[Answer] It may produce some frustration. Of the 135 jurisdictions that can be counted, practically all are purely administrative in nature. On the other hand, it does not establish clear distinctions between the central and regional purviews, and that can indeed contribute to more confusion and chaos.

[Question] What does the Law on Regions say, and what is its relationship to the administrative systems of the central government?

[Answer] It has made some errors. It is said, for example, that the regional government is subject to national (read central) policies on development, which translates into doubts about the regions' planning, political, and management abilities. It is also said that its budget must be drawn up under the terms of the regulations imposed by the central system of the public budget. And we know that the budget is not only an authorization for spending, but also an instrument of planning translated into effective possibilities.

[Question] Have you proposed the formation of regions through the voluntary association of departments?

[Answer] The idea is that a region is not a region just because the central government says so. I have no fear of the democratic dynamic. The Constitution states very clearly that the decisions of the population should be expressed through the provincial mayors, and should be channeled through the corporations so that the process will go from the bottom up. The regionalization that is currently being implemented has chosen the opposite model, from the top down.

[Question] What do you expect of regionalization?

[Answer] I have faith that regionalization will help consolidate democracy, not the bureaucracy of central power. The interested population should get used to regarding this institutionality as an appropriate channel for the processing and definition of the decisions that affect them most. But I believe that the capacity for regional government is not just given away. No one is used to transferring power graciously and unilaterally. Without the capacity to generate a demanding, strict dynamic at the regional level, the transfer of jurisdiction will not take place.

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Velasquez Discusses Regionalization Issues
33480198q Lima CARETAS in Spanish 25 Jul 88 p 76

[Interview with Luis Caceres Velasquez; date and place not given]

[Text] [Question] What is your opinion of the regionalization process?

[Answer] The aim is to politicize the regions by giving them the names of leaders close to APRA, without regard for the fact that political parties do not live forever. Moreover, the regions have been created in a capricious manner. The regions have had to conform to current military districts: five regions that respond to reason, logic, and common sense. The third region, that of Arequipa, is the most important, and is made up of five departments. Throughout history Arequipa has had commercial, industrial, and business ties to Puno, but now the two departments are being separated. In the South, a region that comprised the departments of Arequipa, Puno, Madre de Dios, Tacna, and Moquegua would strengthen democracy and, above all, promote economic progress. Wealth must be created in private hands, not bureaucratic ones.

[Question] What about popular participation and the thirds in the Regional Assembly?

[Answer] Representation by thirds is pandemonium. In practice, it will create bureaucracy. The assembly should consist of just the mayors. Why elect other representatives? If there are so many different members, it will waste time on futile discussions. In any case, I don't think the elements belonging to the state, that is the bureaucrats, should be included. The function of the state should be at the executive level, not the deliberative level. The latter function corresponds to the officials elected by the people.

[Question] What is your opinion of the way in which the regions are to be financed?

[Answer] The Law on the Bases of Regionalization is utopian when it comes to regional financing. There are many entities that are dependent on the central government and whose "independence" will be very difficult. The debureaucratization of Lima will not work. Private enterprise should be promoted and developed first. Poverty, not wealth, should be distributed. For example, in the south, what major enterprises do we have? Cerro Verde, bankrupt; Enafer Sur, bankrupt; cement factory, bankrupt; and on and on.

[Question] What level of jurisdiction should the regions have?

[Answer] Above all, the administrative level. The normative political system at the national and international levels is maintained by the central government. But first, the state should get rid of the inefficient regional enterprises, which would represent a major liability.

[Question] Finally, who should be responsible for regional internal order, an elected official or the prefect?

[Answer] The president of the region should be the mayor of the capital city of the region. The internal order should be decentralized, and a greater presence should be given to the municipal governments, which should be in charge of police administration, as is the case in the United States.

[Question] Do you agree with regionalization or not?

[Answer] I think there will be no decentralization in practice. The country is undergoing such a profound crisis that many things will merely remain on paper. I agree with the words of the teacher Luis Alberto Sanchez, who thinks that the process will be postponed until the next government.

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Details of Regionalization Law Explained

33480198r Lima CARETAS in Spanish

25 Jul 88 pp 76, 104

[Interview with Jose Scalffii; date and place not given]

[Text] [Question] How will regionalization contribute to a better democratic management of the country?

[Answer] The Regional Assembly will consist of the provincial mayors, directly elected delegates (who will comprise 40 percent), and the representatives of the organizations of civilian society: trade unions, business associations, and so on. In addition, the law states that the representatives of the rural sector must account for a minimum of 30 percent.

[Question] In times of crisis, there is a tendency to subjugate the give-and-take of democracy in the name of development. How will regionalization affect development?

[Answer] Rather than limiting it, I believe it will spur development. It is a model of administration of development that regards social and political compromise on the major social demands as an important element. Development cannot be separated from the actors and agents who will benefit from it.

[Question] What is needed for the regions to enjoy the autonomy they desire?

[Answer] The law on the administrative and economic autonomy of the regions. But we are still at the point of general statements that could lead to conflicts of autonomy between the regional and central levels and between the regional and local levels. The idea is for the central level to remain as a normative body, and for the regional level to be the executor. But the regional government must be aware that it cannot take over everything overnight. This function must be turned over gradually, as it strengthens its operations on the basis of concrete objectives. For example, people think that with the

regions they will be able to take care of paperwork locally, without having to travel. This is an important task that must be rationalized. There are also many other areas where the role of the state could be reduced to make way for private activity.

[Question] When do you think Region 3 (La Libertad-San Martin) will be able to implement the system you have described?

[Answer] It will take at least a year of adjustments and a year of organization. So far we have concentrated on creating regions, and what we have lacked is precisely the plan for putting things in motion, that is, the management plan.

[Question] What about financing the regions?

[Answer] In the first place, there are the regions' own resources: national resources, tax rates. Then there are the royalty, the Economic Compensation Fund, and transfers from the Public Treasury. The goal is for up to 60 percent of the national budget (the current rate is 40 percent) to be administered by the regions. This would be achieved progressively, with a growth rate of 2.5 percent a year. A financing law must be passed however; the final draft of the bill has almost been completed by a multisector commission.

[Question] Is it necessary to create the regions?

[Answer] It is essential. Through various indicators we can tell that Peru's development is concentrated primarily in Lima: 90 percent of investments, 50 to 60 percent of the market for many businesses. Just creating regional governments is not enough to achieve administrative decentralization; through these governments, the economy can be decentralized and deconcentrated as well.

[Question] How much can the decentralization and deconcentration of the economy contribute to the consolidation of Peruvian democracy?

[Answer] It would be possible to have homogeneous development throughout the territory, which would allow all inhabitants to participate, not just those who have access to the decisionmaking processes that are concentrated in Lima.

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Advantages of Regionalization Listed

33480198s Lima CARETAS in Spanish 25 Jul 88 p 77

[Interview with Efrain Gonzales de Olarte; date and place not given]

[Text] [Question] To achieve a better distribution of our resources, is it necessary to create regional governments and to encourage more popular participation?

[Answer] In my opinion, Peru can achieve regional development in this way. But it would have to be a compulsive development with a national plan strictly imposed by the government. This government would have to have the authority to do so, and the present one does not.

[Question] This contrasts with the opinion of those who feel that the state is so big that it is a kind of philanthropic ogre.

[Answer] The government does not have the authority.

[Question] What do you think, then, of the regionalization process as it is being put forth today?

[Answer] From the economic standpoint, it is entirely proper, but with a strong government. The problem is that a strong government in Peru always has a tinge of authoritarianism, dictatorship, and that is not the same as a government with authority.

[Question] Is it possible to have a strong and democratic government?

[Answer] The condition for development is that there must be a government that works. For this we need a strong government and an efficient state. There is no authority in Peru, but there is a concentration of power. In this context, the regionalization appears to be necessary to deconcentrate power, to make people participate in the government, in the problems of development. This does not necessarily guarantee rapid development. What it can provide are future conditions of development, because it would stabilize regional conflicts, would stabilize peace. But the price of this is less potential for development.

[Question] In a critical situation such as the one we face, should we subjugate the give-and-take of democracy to development?

[Answer] I think that the biggest obstacle to democratization and development in Peru is the existing inequalities. The way to counteract them is to make the population participate and to make the regions determine their own problems, to distribute state spending more equitably in order to create the conditions for greater institutional stability. Peru faces a choice between compulsive development and slow, democratic development. That is clear to me.

[Question] We all agree that Peru should grow, but what course do you think is more appropriate, compulsive growth or the democratic alternative?

[Answer] Regionalization is a condition for democracy, and consequently a necessary condition for development. But it is not sufficient. What we also need is a national development law in which the state sets its development targets for the medium- and long-term. This means thinking in terms of 10 years, that is, two democratically elected governments.

[Question] Will popular participation contribute to a more democratic management of the country and to development?

[Answer] The Regional Assembly is divided into thirds, as a transitory measure to lend a certain fluidity to the creation of regions. It may be interesting, but in the future it will have to be the same as in the rest of the country.

[Question] Representative democracy....

[Answer] Sure, that is the only way to guarantee democracy. Because the division into thirds leads to corporatism, which is antidemocratic and tends to coopt a number of sectors of the population, not necessarily as a function of the satisfaction of the population's demands.

[Question] Is regionalization necessary?

[Answer] Yes, because Peru is beginning to experience a situation that is very close to national disintegration. Regionalization is one of the possibilities that will keep us from losing the national integration that the central government provided until very recently. But the state controls less and less each day; it is obsolete when it comes to controlling the overflow of the masses. The best course is decentralization, making the population part of the government. In this way, it makes sense.

[Question] Will there be more democracy with the deconcentration and decentralization?

[Answer] Yes, if the regional governments, each in its own region, are as strong as the central government, so that they can take drastic measures, for example, in making the intermediate cities grow.

[Question] What are the challenges of regionalization?

[Answer] Participation and balanced economic development.

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